Analysis of the Development of Mergers in the Czech Republic in the Period 2001–2009 from the Perspective of Ownership Structure

Jaroslav Sedláček, Petr Valouch, Eva Hýblová

Abstract**—**Success in business is a relative term and depends on the evaluator's point of view. A successful entity should be beneficial both for owners and other stakeholders. Economically spoken, a company is successful if it brings higher value for its owners. An increase in company value is connected with internal and external development of the business, often in the form of acquisitions and mergers. The subject of this paper is mergers of Czech companies which took place between 2001 and 2009. The study focuses on changes in the structure of ownership in particular quarters of the monitored period and the development in ownership relationships among participating entities. The analysis uses temporal series containing numbers of mergers and volumes of assets of participating entities.

The results of the analysis have confirmed a slight increase in the number and volume of mergers implemented under foreign owners' control in contrast to entities controlled by domestic owners. They have also identified waves of mergers within an annual cycle reflecting the timing of the decisive day and the preparation of the starting balance sheet as of the first day of a new accounting and taxation period. In the Czech conditions, mergers under foreign successor company control prevail, while mergers under domestic control have a negative trend in the monitored period. A positive development trend has been proved for mergers implemented under control by only one owner of all participating entities.

Keywords**—**Company transformations, domestic owners, foreign owners, macroeconomic environment, regression and correlation analysis.

I. Introduction

THE need of larger investments in business and the effort to stabilize position of some companies in the USA at the end of the 19th century led to combinations of companies and creation of stronger economic units which was later referred to as mergers and acquisitions (M&A). The study into the historical development of company combinations, specifically mergers and acquisitions (M&A), has proven that activities in the M&A market did not happen evenly but they fluctuated in dependence on the level of the economic environment, the development of financial markets and mainly the ideas of bidders and target businesses about the price of a takeover. Some authors in this respect use the term merger and acquisition waves – these waves come at a certain level of development of an economy. E.g. Levy and Sarnat [12] talk about 3 waves, Bobenic-Hintos [4] mention 4 waves, Bruner [6] divides the fourth wave into two: a) and b), Martynova and Rennebook [14] differentiate 5 waves, Lipton [13] identifies 6 waves of mergers and acquisitions.

In each wave of mergers and acquisitions we can find sensible motives for company combinations which correspond to the degree of the development of society. As regards economic motives, investors or the management believe that two or more businesses together will be of more value than separately. Implementation of these combinations is supported by generally valid economic laws, such as economies of scale in relation to horizontal mergers, economies of vertical integration, non-used tax shields, removal of low production efficiency, diversification, lower financial costs, etc. We may think, together with other authors [7] that at the top of the economic cycle businesses have free cash funds and acquisitions and mergers represent good investment opportunities for them. A transformation can bring a higher economic potential as regards competitiveness than repeated investments in company internal changes, construction of new plants, implementation of new technologies, etc. The growth of world economy promotes efforts towards concentration of capital and application of acquisitions and mergers in a global scale [11]. According to Allen and Overy [1] represent acquisitions and mergers over 49 % (when measured by the number of deals) or 58 % (when measured by the volume of deals) of all company transformations implemented globally in 2007–2010. The second important category of transformations is divestments [9], when companies sell off their controlling interest (> 30 %) in one or more of their fields of activity in one or more of their businesses. The development of numbers and volumes of these transactions is presented in Table 1. The decrease in number and volume of transactions in Q2/2007 to Q1/2010 period, which is evident from Table 1, probably related to financial and later global economic crisis. The beginning of the global financial crisis was marked by the Bank of America as February 2007, when the credit risk was

J. Sedláček is with the Department of Finance, Faculty of Economics and Administration, Masaryk University, Lipová 41a, 602 00 Brno, Czech Republic (corresponding author to provide phone: 00 420 549 497 042; fax: 00 420 549 491 720; e-mail: sedl@econ.muni.cz).

P. Valouch, is with the Department of Finance, Faculty of Economics and Administration, Masaryk University, Lipová 41a, 602 00 Brno, Czech Republic (e-mail: valouch@econ.muni.cz).

E. Hýblová is with the Department of Finance, Faculty of Economics and Administration, Masaryk University, Lipová 41a, 602 00 Brno, Czech Republic (e-mail: hyblova@econ.muni.cz).

overvalued and unprecedented capital losses caused by a sharp drop in the value of structured credit products based on mortgage bonds launched the financial crisis in the USA, which brought a fall in company profits. During that year, many mortgage companies and US investment banks closed their business. The panic in the financial markets forced investor to invest in commodities in order to maintain their value. Financial speculations in commodity futures after the fall of financial derivatives markets contributed to the rise in global prices of food and oil. In comparison with the previous bank crisis 2001 – 2003, which took place inside the USA, the last crisis was exported in the form of economic recession into the other countries of the world [2].

Analyses of causes of financial crises indicate creations of price bubbles as a consequence of excessive risk taken by investors and provision of unsecured credits for these trades. Ineffective liquidity and failure of debtors leads to a drop in asset prices, fall of market and transition of problems from the financial sector to real economy.

Table 1: Global M&A trends (volume of deals - USDm)

	Merger and acquisitions		Subsidiary disposals		Other business transformations	
	Value of deals	Volume of deals	Value of deals	Volume of deals	Value of deals	Volume of deals
Q1 2007	499	420 375	279	170 008	37	164 699
Q2 2007	605	688 297	338	316 569	57	213 713
Q3 2007	511	550 931	286	176 995	24	66 401
Q4 2007	537	400 598	336	209 951	32	60 879
Q1 2008	442	281 112	247	126 903	18	135 801
Q2 2008	446	408 064	267	153 104	23	68 284
Q3 2008	373	475 863	249	163 170	19	31 379
Q4 2008	220	280 456	159	142 569	5	4 634
Q1 2009	179	316 686	132	74 229	5	3 469
Q2 2009	197	173 682	178	183 071	5	10 206
Q3 2009	235	175 012	219	111 938	16	7 588
Q4 2009	320	371 084	232	128 572	19	33 451
Q1 2010	291	201 523	179	207 842	10	11 798
Q2 2010	361	236 290	241	148 695	19	19 980
Q3 2010	355	277 251	233	170 785	17	34 912
Q4 2010	420	436 633	284	206 254	22	37 062
Total	5 991	5 693 857	3 859	2 690 655	328	904 256

Source: Allen and Overy 2011

Looking at the opposite stage of the economic cycle, in the period of economic problems and low capital prices in financial markets activities in the area of mergers and acquisitions should increase, not slow down. The economic motive is probably somehow related to growing markets, when purchase is more intensive. Although we are unable to explain the timing of merger and acquisition (M&A) waves reliably [5], we can deduce dependence between the economic cycle and activities in the M&A market.

Our previous empiric studies [15] proved that the Czech M&A market behaves in a way similar to markets in developed countries. If the growth of performance of companies affects macroeconomic indicators positively and, vice versa, the decrease in economic growth is reflected in business negatively, there should logically be some relationship with the level of activities in the field of company combinations [20]. The decreasing entrepreneurial trust, decreases in expenses on capital investments, lower demand for imports, slump of financial markets and heavy price discounting will probably be reflected in a reduction of activities in the M&A market [8, 17]; on the other hand, undervalued financial markets represent an opportunity for interesting investments and an expansion of entrepreneurial activities.

This paper contains partial results of a research project whose aims are to identify problems in merger preparation in compliance with valid Czech regulations and to analyse economic causes and consequences of mergers. The initial information source is a basic dataset in the structure necessary for a statistical analysis which was created by the project team. The database contains mergers of companies which took place in the Czech Republic between 2001 and 2009 provided that the companies published their financial statements in the digital form in the collection of documents of the Trade Register. Temporal series describing developmental trends of changes in the ownership structure of merging entities are analysed.

II. PROBLEM FORMULATION

For the purpose of the analyses we created a basic dataset containing all domestic mergers implemented between 2001 and 2009. The data were extracted from the financial statements stored in the digital form in the collection of documents of the Trade Register [21]. The theoretical definition of mergers contained within the dataset is in compliance with commercial law documents.

According to West's Encyclopedia of American Law [25] is a merger or acquisition a combination of two companies where one corporation is completely absorbed by another corporation. The less important company loses its identity and becomes part of the more important corporation, which retains its identity. A merger extinguishes the merged corporation, and the surviving corporation assumes all the rights, privileges, and liabilities of the merged corporation. A merger is not the same as a consolidation, in which two corporations lose their separate identities and unite to form a completely new corporation.

The Czech trade law defines a merger as a combination in which one or more companies cease to exist without liquidation and their equity, including rights and duties following from labour-law relations, are transferred to another existing or a newly established successor company. It means this is a legal combination which requires an agreement of all participating companies [24]. On the other hand, an acquisition is a transaction in which one company (the bidder) gains a decisive share of the basic equity of another (target) business. The acquisition can have a character of a capital investment (capital acquisition) or a property acquisition, in which the entire company or its part is purchased. By this a group of companies connected by their capital arises and the legal position of individual companies does not change. Unless this is a hostile takeover, also a legal takeover can take place in case of property acquisition or capital acquisition by one owner. The differences between mergers and acquisition will mainly stand out in accounting procedures [3, 19]. Similarly, the European law (Directive 2005/56/EC of the European Parliament and of the Council of 26 October 2005 on cross-border mergers of limited liability companies) defines a merger as a process in which one or more companies, on being dissolved without liquidation, transfer all their assets and liabilities to another existing or a new company, in exchange for the issue of securities or shares representing the capital of the successor company and, if applicable, a cash payment not exceeding 10 % of the nominal value of those securities or shares.

In compliance with the Czech act on transformations [27] these are all implemented domestic mergers referred to as combination by which dissolved companies pass over to an existing (successor) company. A typical feature of mergers is an agreement on the combination of two or more companies into the successor one, which thus gains more advantages than the companies would have doing business separately. The merger should be of benefit to all owners (shareholders or partners) of participating companies. If the company which is defined as more significant continues and the less significant one is dissolved, there are an infinite number of opinions regarding the classification of a company from the perspective of its significance. The key factor is the opinion of participating companies owners, especially if there are some capital links among them. Table 1 presents an overview of mergers implemented in the Czech territory in the examined period. A detailed view of the progress of mergers confirms that there are regular waves within an annual cycle. The maximum amplitude is found at the beginning of a new calendar year. A logical explanation for this trend is the concurrence of the decisive day of merger with the beginning of the accounting and taxation period for most entities.

Table 2: Temporal distribution of mergers in the basic dataset (number of mergers)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total	Proportion
Q1	16	28	26	32	7	49	47	19	27	251	0.70
Q2	3	1	3	2	2	5	2	65	8	32	0.09
Q3	4	3	4	7	1	10	7	5	9	50	0.14
Q4	2	2	8	0	1	2	2	5	5	27	0.08
Total	25	34	41	41	11	66	58	35	49	360	1.00

Source: authors' database

For the purpose of our investigation, we divided the implemented mergers by continuing companies, into those controlled by foreign owners and those controlled by domestic owners. As all the mergers took place in the territory of the Czech Republic and they are subject to Czech law, the temporal progress should not differ by the nationality of owners [18]. Our first hypothesis identifies with this assumption and allows only slight deviations from the temporal progress between foreign and domestic owners. We could expect a gradual increase in mergers under foreign control because the Czech economy is evaluated as a transitional market between an emerging and a mature M&A market [9]. The advantage of the Czech economy is its long-term economic stability which was also confirmed during the financial crisis between 2007 and 2009 as this did not affect the Czech financial sector considerably [16]. On the one hand, the Czech economy should attract foreign investors as a suitable target; on the other hand, it should gain suitable target companies or be involved in their control. To confirm or reject the first hypothesis we will use a graphical analysis based on the number of combinations implemented by the two categories of owners. Two temporal series are analysed described by the polynomial regression function which manifests the greatest agreement with the data.

$$y = ax^2 + bx + c \quad (1)$$

where: a, b, c – parameters of the theoretical regression function

The dependence between development trends of mergers in companies under foreign and domestic control described by regression curves is measured using Pearson's correlation coefficient.

$$r_{xy} = \frac{\sum_{i=1}^{n}(X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{\sum_{i=1}^{n}(X_i - \bar{X})^2 \sum_{i=1}^{n}(Y_i - \bar{Y})^2}} \quad (2)$$

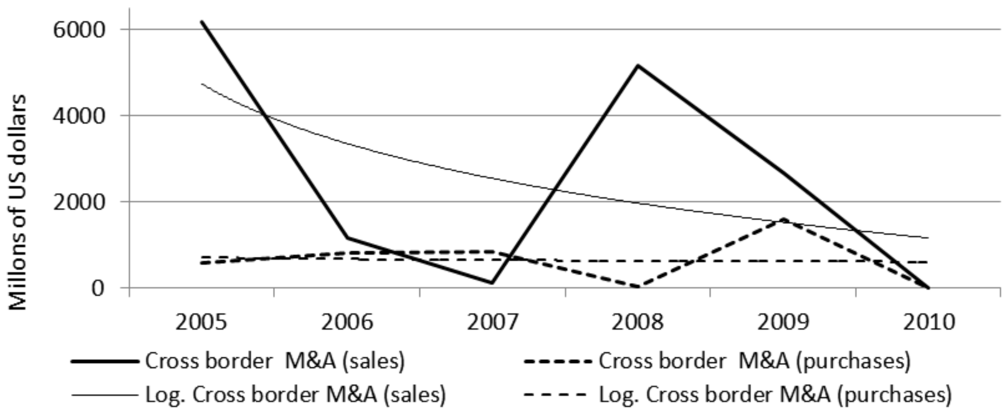
where: r_{xy} - selected correlation coefficient
X,Y - random quantities
I - number of random quantities $i \in \langle 1, n \rangle$

To be able to evaluate the interest of foreign investors, we will monitor the development of merger volumes in the examined period as divided into foreign and domestic mergers. As Figure 1 shows, investors' interest in purchasing companies in the Czech Republic exceeds the volumes of M&A in opposite direction several times, i.e. the M&A when the target company is located abroad. Although the volumes of foreign investments decreased during the monitored years, the volume of acquisitions implemented at the Czech market in the period of the financial crisis (2008) regardless of the macroeconomic situation reached 5.169 mil. USD.

To compare the development trend we will use regression analysis. The analysis will examine two temporal series. The first series reflects the volume of mergers implemented in particular years when the successor company is controlled by foreign owners, the second one for successor companies with domestic owners. The trend is measured by calculating proportions of both types to the total volume. Based on empirical analysis, a specific regression function is chosen suitable to describe the dependence of both quantities. The highest agreement with the data has been found for the polynomial function again. The dependence of both curves will be again measured by Pearson's correlation coefficient. In our opinion, the trend of the analysed mergers should correspond to the temporal progress of M&A in Figure 1. This assumption (the second hypothesis) will be tested and confirmed or rejected.

The last hypothesis concerns ownership relationships between companies participating in a merger. The first possible option is the relationship where the successor company has control of the other companies; the second is the relationship where the other companies have control over the successor one; the third option occurs where mergers are implemented under one owner's control over all participating companies; the fourth and last option is mergers of independent companies, i.e. without capital links. The graphical analysis compares the four temporal series reflecting the numbers of mergers within the particular categories in the monitored period. We assume a dominance of mergers under successor company's control and a close relation to the category of mergers under one owner of all participating companies (the third hypothesis). To verify the third hypothesis we will use linear regression functions and calculate correlation coefficients.

Figure 1: Development of M&A in Czech Republic in the period 2005 – 2010



Source: UNCTAD 2011

$$y = b_0 + b_1 x \quad (3)$$

Regression coefficient b_1 is tested at a level of significance $\alpha = 0.05$ by hypothesis

$H_0: b_0 = 0$; against alternative $H_1: b_1 \neq 0$;

Testing criterion t is as follows:

$$t = \frac{|b_1|\sqrt{\sum_{i=1}^{n} x_i^2 - n\bar{x}^2}}{s} \quad (4)$$

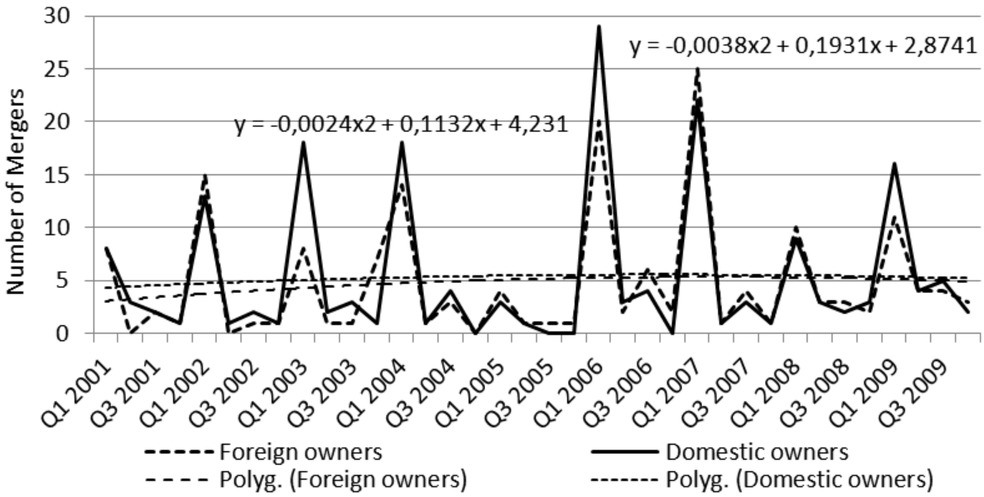
where the residual standard deviation is calculated, using equation

$$s = \left[\left(\sum_{i=1}^{n} y_i^2 - b_0 \sum_{i=1}^{n} y_i - b_1 \sum_{i=1}^{n} x_i y_i\right)/(n-2)\right]^{\frac{1}{2}} \quad (5)$$

III. Problem Solution

As the mentioned studies prove, waves of M&A within their historical development have been confirmed. Our dataset identifies wave occurrence also within an annual cycle. The reason for this timing of mergers is purely pragmatic as owners and management of participating companies endeavour to put in harmony the date of change implementation with the date of financial statements. Figure 2 depicting the progress of mergers in quarters shows that the maximum amplitude of the wave coincides with the beginning of the year regardless of the owners' nationality. The development trend described by regression equations indicates a slight increase in mergers under foreign owners' control during the monitored period:

Figure 2: Development of Mergers under Domestic and Foreign Control



(volume)

Source: authors' database

(foreign owners)

$$y = - 0.0038x^2 + 0.1931x + 2.874;\ R^2 = 0.0133 \qquad (6)$$

(domestic owners)

$$y = - 0.0024x^2 + 0.1132x + 4.231;\ R^2 = 0.0025 \qquad (7)$$

However, with respect to the high volatility of data, the agreement of the model with the data (R^2) is very low for both curves. On the other hand, the calculated coefficient of correlation between the development of mergers under foreign control and development of mergers under domestic control is r_{xy} = 0.912612528 and indicates a strong dependence. The graphical analysis of the development trends of both curves has thus confirmed the first hypothesis.

To verify the second hypothesis, development trends of mergers at the Czech market measured by the proportion to the total value of mergers implemented in the monitored period under foreign and domestic owners' control were compared. The regression functions describing the development in the value of mergers under foreign owners' control has a growing character (5) with a relatively acceptable value of the standard coefficient of multiple determination. There is some agreement with the progress of values of M&A implemented between 2005 and 2010 as shown by Figure 1. On the other hand, the volume of mergers with domestic owners decreases, as equation (6) shows, with a similar agreement of the model with the data (R^2).

(foreign owners)

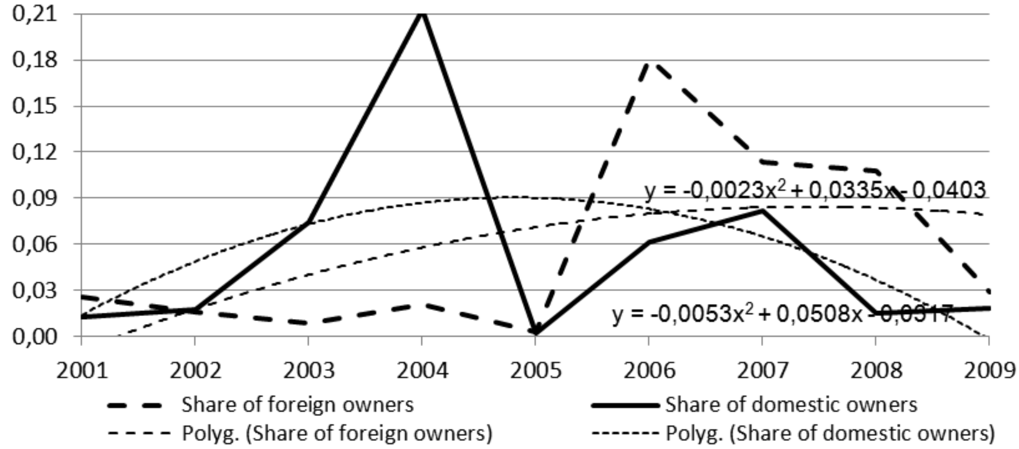
$$y = - 0.0023x^2 + 0.0335x - 0.0403;\ R^2 = 0.2835 \qquad (8)$$

(domestic owners)

$$y = - 0.0053x^2 + 0.0508x - 0.0317;\ R^2 = 0.2518 \qquad (9)$$

The graph in Figure 3 shows that the greatest proportion of mergers implemented by foreign owners occurred in 2006, when transactions with the highest value of assets were done. A critical period is the year 2005, which is the year just between two crises, the bank crisis in the USA (2001–2003) and the global financial crisis (2007–2009). Mergers with the minimum value were implemented in this year. However, Pearson's correlation coefficient r_{xy} = 0.010986659 manifests a very weak correlation of both curves. Statistical quantities describing the temporal series of volume proportions are presented in Table 3.

Figure 3: Development of mergers controlled by the domestic and foreign owners (value)



Source: authors' database

Table 3: The relationship between proportions of volume of mergers in Czech Republic

Relative proportions	p_{MAX}	p_{MIN}	p_{MEDIAN}	Standard deviation	Correlation coefficient
Share of foreign owners	0.180650452	0.003207314	0.025268	0.05883359	0.010986659
Share of domestic owners	0.212731481	0.002127039	0.018047	0.06239435	

Source: own calculations

The regression functions depicting the development trends of temporal series used to verify the third hypothesis (see Figure 4) are described by the following equations:

(the successor company controls all the dissolved)

$y = 2.3667x + 8.8333;\ R^2 = 0.281$ (10)

(one owner of all participating companies)

$y = 1.5167x + 5.3056;\ R^2 = 0.3933$ (11)

(the companies being dissolved control the successor)

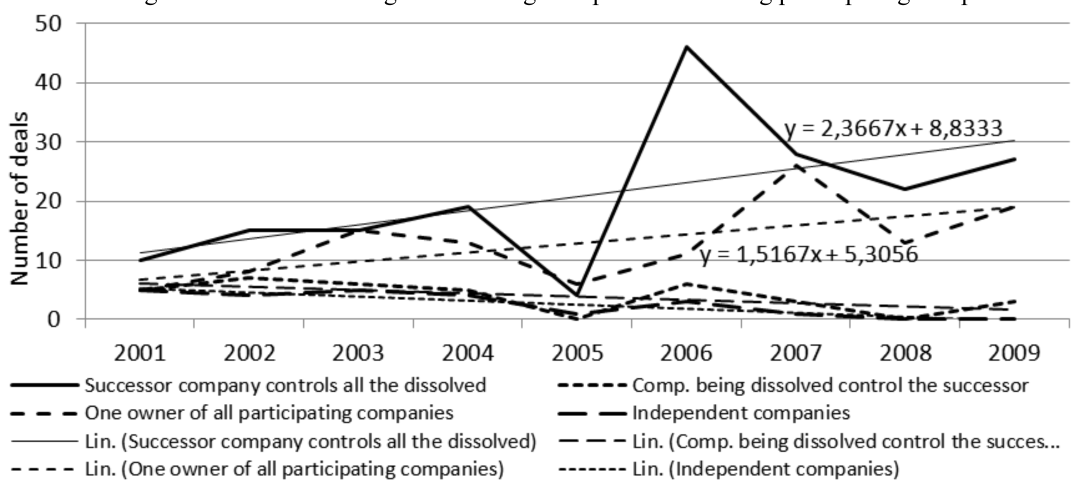
$y = -\,0.5667x + 6.7222;\ R^2 = 0.3643$ (12)

(independent companies)

$y = -\,0.6833x + 5.9722;\ R^2 = 0.8187$ (13)

The graph in Figure 3 shows that a positive slope is found in regression curves described by equations (10) and (11). Their mutual dependence can be characterized as medium strong $r_{xy} = 0.46566857$.

Figure 4: Number of mergers according to capital links among participating companies



Source: authors' database

The graph in Figure 4 shows that a positive slope is found in regression curves described by equations (10) and (11). Their mutual dependence can be characterized as medium strong $r_{xy} = 0.46566857$. The test of statistical significance of parameter b_1 in model (4) shows that the calculated testing criterion $t = 26.5 > t_{0.05}(7) = 2.006$ and so zero hypothesis H_0 can be rejected in favour of the alternative H_1 hypothesis. Similarly, in the second temporal series $t = 15.9 > t_{0.05}(7) =$

2.006 and the statistical significance of the calculated correlation coefficient is thus confirmed. Statistical quantities describing the tested temporal series are presented in Table 4.

Table 4: Development of mergers controlled by the successor company and one owner

Number of mergers	x_{iMAX}	x_{iMIN}	$x_{iMEDIAN}$	Standard deviation	Correlation coefficient
Successor controlling the dissolved	46	4	19	11.5277443	0.46566857
One owns all the participating	26	5	13	6.2440094	

Source: authors' calculations

IV. Conclusion

Our research focuses on the Czech market which is entered by both domestic and foreign bidders. We analysed the development of the number of implemented transactions for both of these groups of owners. As expected, we have observed a slight increase in mergers implemented by foreign owners as opposed to domestic ones. Both regression curves manifest very close dependences. The curves progress in waves within an annual interval with the maximum amplitude on the first day of the calendar year. The owners want to avoid having to create additional financial statements of participating companies. Typical motives for mergers published by e.g. Trautwein [22] or Wirtz [26] are not affected by this timing. It still holds that the merger development we observed is a reflection of the macroeconomic environment in the country and the situation at financial markets.

In contrast to the first hypothesis, which described activities at the Czech merger market, the second hypothesis is based on asset and capital flows. An integration of assets and capitals often accompanied by changes in the ownership structure is a source of increasing the company value for its owners. According to the world statistics [23], the greatest purchases at the Czech M&A market took place in 2005 (see Figure 1). However, our graph (Figure 3) depicts the year 2005 as having the minimum of activities in the field of mergers, when the lowest volumes of mergers within the entire monitored period were implemented. On the other hand, the maximum volume of mergers in the Czech territory under foreign owners' control was achieved in the following year. Comparing both graphs, it follows that property transfers in 2005 were results of acquisitions mainly, while in 2006 mergers dominated. The hypothesis about a faster rise in merger volumes under foreign owners as opposed to domestic ones has been confirmed although in the following years the merger volumes dropped affected by the coming financial crisis and economic recession (2007–2009).

Let us now look again at the definition of acquisitions and mergers published in West's Encyclopedia of American Law [25], which says that the more significant company continues while the less significant is dissolved. In order to be able to evaluate significance of a company, we considered its ownership. We assumed that the more significant company is the one that controls the other participating companies. This hypothesis has been confirmed for the successor companies only, not for the dissolved companies. Transactions implemented under one owner had a growing tendency in the field of Czech mergers. The analysis shows that when there is an existing capital link between merging companies, the problems occurring during negotiations on mergers are removed and operating costs are lower. A similar result has been achieved in some of other published partial studies, e.g. Hodes-Kropf, Viswanathan [10]. As we have stated, the Czech M&A market increased in 2008 [16], which is not true for mergers; the effect of the financial and economic crisis resulted in a decrease in merger activities and volumes.

Acknowledgment

The paper contains first results of project of Grant Agency CR no. 403/11/0447 "The Analysis of Taxation and Accounting Procedures during Mergers". The project solution, which will be conducted in 2011–2013, was entrusted to the team of the Department of Finance, Faculty of Economics and Administration, Masaryk University in Brno. The authors thank the Grant Agency of the Czech Republic for providing financial support.

References

[1] Allen & Overy, 2011, *The Allen & Overy M&A Index, Q4 2010 Insight Report,* [on-line]. [Accessed 2011-05-15]. Available at <http://www. allenovery.com/AOWeb/binaries/60916.PDF>

[2] Bank of America, 2007, *Annual Report. [*on-line]. [Accessed 2011-05-16]. Available at <http://investor.bankofamerica.com>.

[3] H. Bohušová, P. Svoboda, "Comparability of financial statements prepared according to IFRS and IFRS for SMEs in the field of intangible assets",. *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis,* vol. LVIII, 2010, no. 6, pp. 67–78O.

[4] A. Bobenič-Hintoš, "Waves of mergers and acquisitions", *Acta oeconomica cassoviensia*, vol. 2, 2009, no.1, pp. 13-21.

[5] R. A. Brealey, S. C. Myers, F. Allen, *Principles of corporate finance.* 8 th ed. Boston: McGraw-Hill, 2006, 1028 p.

[6] R. F. Bruner, *Applied mergers and acquisitions.* Hoboken: John Wiley & Sons Inc., 2004, 1029 p.

[7] Cass Business School, 2010. *The Cass MARC Maturity Index.* [on-line]. [Accessed 2011-07-26] Available at <http://www.cass.city.ac. uk/marc>.

[8] E. Hamplová, K. Provazníková, J. Kovárník, *Analysis of Impact of Direct Foreign Investment in the Czech Republic*. In Recent Researches in Business and Economics- Proceedings of the 4th WSEAS World Multiconference on Applied Economics, Business and Development (AEBD'12). Porto: WSEAS, 2012, pp. 235-240.

[9] W. J. Gole,,P. J. Hilger, *Corporate Divestitures: A Mergers and Acquisitions Best Practices Guide.* Hoboken: John Wiley & Sons Inc., 2008, 299 p.

[10] M. Hodes-Kropf, S. Viswanathan, "Market Valuation and Merger Waves". *The Journal of Finance,* vol. 59, 2004, no. 6, pp. 2685-2718.

[11] G. Kling, U. Weitzel, „ Endogenous Mergers: Bidder Momentum and Market Reaction", *Applied financial Economics,* vol. 20, 2009, no. 3, pp. 243-254.

[12] H. Levy, M. Sarnat, *Capital Investment and Financial Decision.* Prague: Grada Publishing, 1999, 20 p.

[13] M. Lipton, 2006. *Merger Waves in the 19th, 20th and 21st Centuries*, [on-line]. York University: Osgoode Hall Law School. [Accessed 2011-

05-12]. Available at <http://tiny.cc/8qd1u>. <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=966294>.

[14] M. Martynova, L. Rennebook, 2008. *The Performance of the European Market for Corporate Control: Evidence from the 5th Takeover Wave*, [on-line] Sheffield University: Management School. [Accessed 2011-05-11], Available at <http://ssrn.com/abstract=941731>.

[15] J. Sedláček, A. Konečný, P. Valouch, *Analysis of the Financial Crisis Effect on Company Mergers.* In Recent Researches in E-Activities. Jakarta: WSEAS, 2011, pp. 106-111.

[16] J. Sedláček, P. Valouch, A. Konečný, *Development Trends at Markets with Mergers and Acquisitions in 2001– 2010*. In Recent Researches in Economics - Proceedings of the 2nd International Conference on Finance and Accounting (ICFA'11). Montreux: WSEAS, 2011, pp. 105-110.

[17] J. Sedláček, "Analysis of the Financial Burden of the Czech Enterprises in Period 1996 – 2005". *Journal of Economics,* vol. 55, 2007, no. 6, pp. 582-593.

[18] J. Skálová, T. Podškubka, "Accounting Interpretation of Cross-border Mergers in the Czech Republic Based on Czech Accounting St.", *European Financial and Accounting Journal*, vol. 4, 2009, no. 3, pp. 19-39.

[19] J. Strouhal, C. Bonaci, R. Mustata, *Fair Value Debate*. In Recent Researches in Business and Economics- Proceedings of the 4th WSEAS World Multiconference on Applied Economics, Business and Development (AEBD'12). Porto: WSEAS, 2012, pp. 95-100.

[20] P. Teplý, H. Stárová, J. Černohorský, "Value Creation of European Bank Mergers and Acquisitions in the 1998 - 2007 Period". *Journal of Economics,* vol. 58, 2010, no. 5, pp. 458-470.

[21] Trade Register, 2011. [on-line]. [Accessed 2011-05-16]. Available at <http://ov.ihned.cz/index.php?p=302000>.

[22] F. Trautwein, "Merger Motives and Merger Prescriptions". *Strategy Management Journal*, vo1.11, 1990, no. 4, pp. 283-295.

[23] Unctad Handbook of Statistics, New York: United Nations Publications, 2011, 513 p.

[24] P. Valouch, A. Konečný, *The Development of the Number and the Structure of Mergers of Trading Companies in the Czzech republic in 2001-2010*. In Recent Researches in Economics and Mnagement transformation - Proceedings of the 6th International Conference on Economy and Management transformation (EMT'11). Angers: WSEAS, 2011, pp. 25-30.

[25] West's Encyclopedia of American Law, 2011. [on-line]. [Accessed 2011-06-18]. Available at <http://answers.com/library/LawEncyclopedia-cid-3554923>.

[26] B. W. Wirtz, *Mergers & acquisitios: Management: Strategie und Organisation Unternehmenszusammenschlűssen.* Wiesbaden: Gabler, 2003, 521 p.

[27] Act no. 125/2008 Coll., on transformations of trading companies and cooperatives.