

ANDERS FORENSIC, VALUATION AND LITIGATION

BUSINESS COMBINATIONS

When an acquirer gains control of one or more businesses, otherwise known as a business combination, companies must navigate a range of confusing accounting guidelines. Correctly following these guidelines can have a profound impact on the transaction's success. At Anders, our team of valuation advisors helps clients navigate the financial reporting and tax treatment process of valuing business combinations to ensure a seamless and stress-free transition for all parties involved.

FINANCIAL REPORTING AND TAX TREATMENT

Financial reporting and Purchase Price Allocation (PPA) are important parts of a business combination. Under Accounting Standards Codification 805, an acquirer must recognize the assets acquired and liabilities assumed at fair value. Recognized assets include tangible assets, such as real and personal property, and intangible assets, such as trade names, technology and customer relationships. Intangible assets are typically the most challenging to evaluate but comprise the bulk of the value in many of today's deals. Having an experienced valuation advisor on your side can ensure all assets and liabilities are allocated properly.

In addition to financial reporting, understanding tax treatment, ramifications and tax credit eligibility is critical to successful business combinations. Valuation becomes important when the acquirer must allocate the purchase price to legal entities and categories/classes.

THE RIGHT EXPERIENCE IS CRITICAL

Generally, the higher the quality of the valuation and the greater the experience of the appraiser, the less time and cost incurred by the acquirer during the audit review process. If the valuation of assets is of poor quality, or worse - not acceptable to the auditor, the acquirer may have to engage a different appraiser to perform the valuation at additional cost. Having the valuation performed by an experienced appraiser, well versed in the relevant standards and best practices will save the acquirer time, money and potential frustration.

OUR EXPERTISE

Anders professionals have provided hundreds of opinions of value for both tangible and intangible assets, liabilities and equity interests. Our valuations have withstood the scrutiny of the acquirer's auditors as well as the Securities and Exchange Commission and the IRS. We can help you address valuation issues arising in the context of ASC 805, including:

- Pre-acquisition valuation analysis
- Fair value measurement and economic life analysis of acquired real estate, machinery and equipment, and identifiable intangible assets
- Allocation of purchase price and goodwill to reporting units
- Fair value measurement of contract liabilities such as deferred revenue and other liabilities
- Legal entity valuations for tax purposes in connection with the business combination
- Valuation of contingent consideration
- Valuation of contingent assets and liabilities
- Fair value measurement of the consideration transferred and any remaining noncontrolling interests

TALK WITH AN ADVISOR TODAY.

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