

PricewaterhouseCoopers' Transaction Services Valuations

Valuation advice integrated with accounting advice

As financial reporting moves to a fair value model, companies must deal with increasingly complex issues in an environment where traditional valuation practitioners lack in-depth knowledge of fair value financial accounting and reporting requirements.

As a result, companies are often entering into transactions (be it mergers and acquisitions, investment or restructuring) without the advice they need and with increased risk of getting the fair value accounting wrong. Concurrent with this, increased regulator scrutiny around fair value issues raises the stakes still further.



How we help

PwC can offer non-audit clients a unique valuation service for complicated transactions. By bringing together professionals with extensive technical accounting (US GAAP and IFRS), tax, valuation, deal structuring and industry expertise, PwC can offer something that most firms don't: an integrated accounting and valuation business advice model. Through early involvement and careful consideration of a company's business needs and goals, we help clients think through the financial reporting and tax consequences of transactions and other major corporate initiatives and address the related valuation issues.

Benefit to you

Clients will gain an understanding of the fair value financial reporting and tax perspectives of their transactions. They will be better equipped to anticipate the needs of auditors, lenders, markets, regulators and tax authorities. By using a single advisor that blends integrated valuation, accounting and tax expertise, clients save time and have less restatement risks, IRS issues, and SEC comments, and ensure the transaction closes smoothly with fewer delays, surprises or adverse consequences.

How PwC helped one company effectively document fair value for both tax and financial reporting purposes

Our client was a global public company looking to complete a strategic acquisition as part of its expansion strategy. The company needed to value all tangible and intangible assets for financial reporting purposes and legal entities for tax purposes. The company also needed to review specific long-term contracts from an accounting perspective.

Our Approach

We worked closely with management to understand all the issues related to the deal that would affect financial and tax reporting. We met with the company and their audit team regularly to understand the framework of the valuation analysis. We also helped the company understand the deal issues that would affect accounting and taxes such as fair value of inventory and long-term contracts, complex accounting issues like embedded derivatives, FAS 109, transfer pricing planning ideas, and tax capitalization vs. expensing of transaction costs. PwC also developed an innovative methodology for the valuation of customer relationships

The Outcome

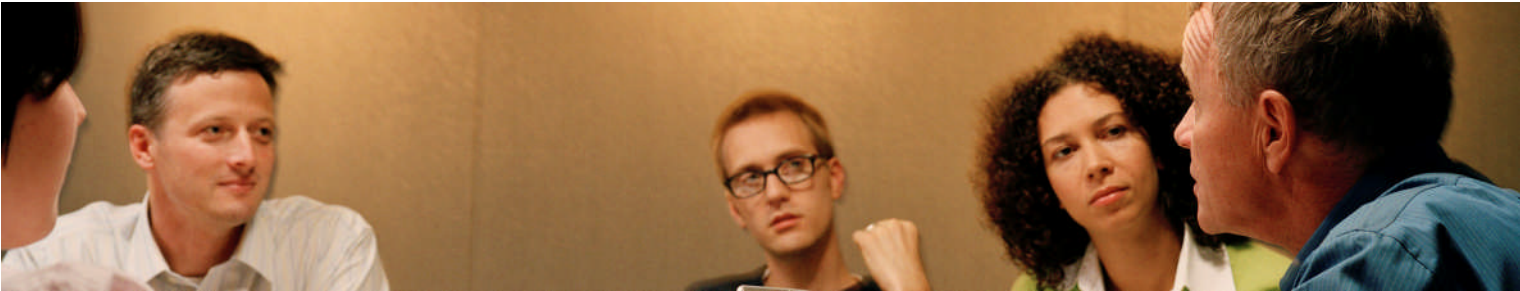
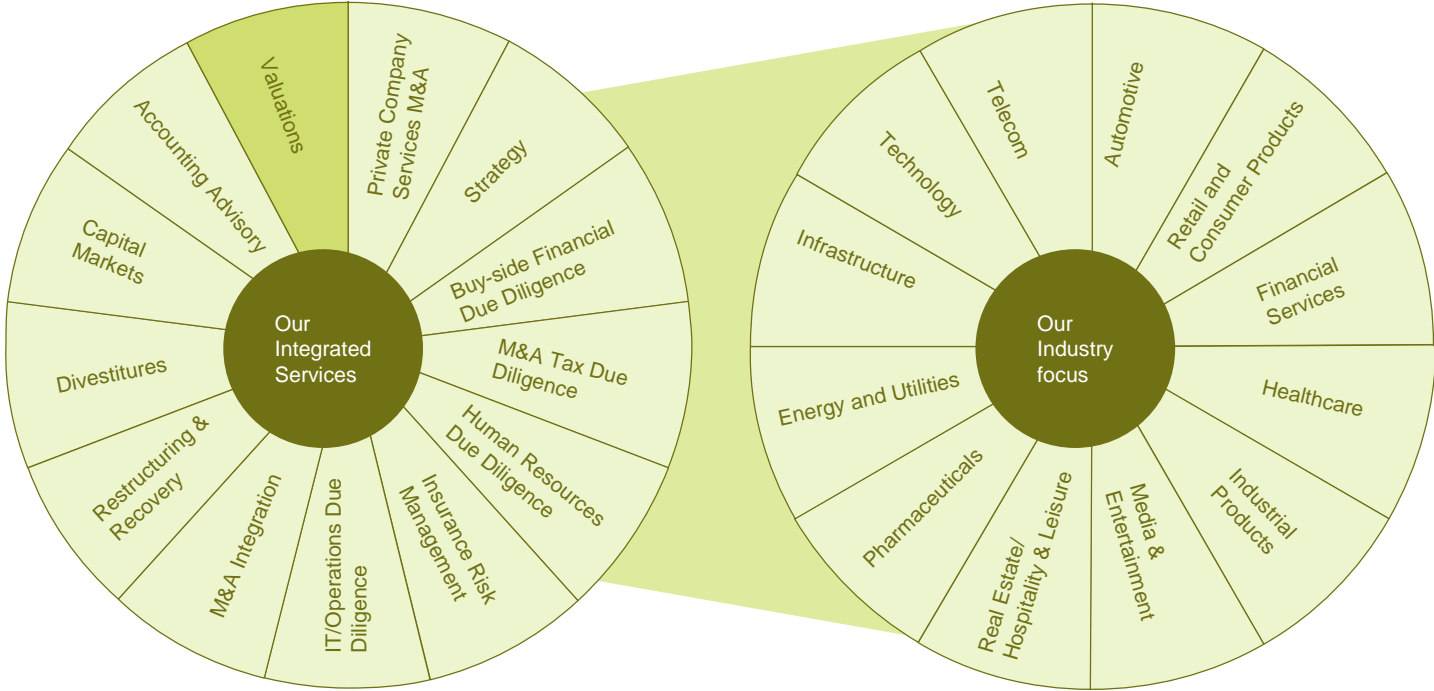
Our client was able to effectively document the fair value of assets for financial and tax reporting purposes as well as manage their internal (corporate) and external (auditor) process efficiently without any late issues.

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PricewaterhouseCoopers' Transaction Services

A tailored approach that provides clients with the right balance of transaction, functional, and industry expertise across the value chain



About Transaction Services

The PricewaterhouseCoopers Transaction Services practice provides due diligence for M&A transactions, along with advice on M&A strategy and integration, divestitures and separation, valuations, accounting, financial reporting, and capital raising. With approximately 1,000 deal professionals in 16 cities in the U.S., experienced teams are deployed with deep industry and local market knowledge, and technical experience tailored to each client's situation. The Transaction Services team can be involved from strategy to integration and employ an integrated business approach to uncover the realities of a deal. The field-proven, globally consistent, controlled deal process helps clients minimize their risks, progress with the right deals, and capture value both at the deal table and after the deal closes.

For more information, visit www.pwc.com/ustransactionservices