

# Tangible Asset Valuation

*Property, Plant and Equipment (PP&E) form the core of many companies' balance sheets. An informed and thorough valuation of this critical asset group can transform the way you view and manage your business and help improve financial reporting and tax planning.*



## Key challenges

Your company may face a number of complex challenges relating to the valuation of PP&E, including:

**Regulatory challenges.** Accounting and tax estimates are under more scrutiny than ever. Auditors, tax authorities, courts and regulators are likely to review the methodology and credentials of those performing tangible asset valuation. Will your approach stand up to regulator and auditor scrutiny?

**Data quality.** Your business is dynamic. Most accounting systems are not. Do you know what your fixed asset registers contain? Over time, events such as prior acquisitions, mass capitalizations, re-valuations, and asset transfers can impair the accuracy and transparency of your fixed asset ledgers. A quality valuation depends on deep understanding and insight of the underlying asset base.

**Valuation standards.** Stakeholders demand more transparency than ever. Shifting accounting and tax standards create ongoing challenges in valuation. These complex standards can impact results at the valuation date (Day 1) and at future reporting dates (Day 2). Do you have access to the expertise needed to report appropriate valuations in this dynamic environment?



## Our services

PwC's PP&E valuation specialists can help you with a range of valuation and tangible asset management issues for both Real Property (land, buildings, leases) and Personal Property (machinery, equipment, leasehold improvements, computers, software, furniture & fixtures, etc.). Services include:

- **Financial reporting**

**Pre-acquisition valuation and due diligence:** We can help you understand an acquisition's impact on income, earnings, growth and reporting, or uncover potential acquisition pitfalls through operational or maintenance due diligence.

**Business combinations, asset purchases and fresh start accounting:** Financial reporting under ASC 805 (SFAS 141R) and SOP 90-7 requires special consideration for fixed assets

**Impairments:** A strategic approach to testing of fixed assets under ASC 350 and ASC 360 can help minimize regulatory scrutiny and the impact on earnings.

- **Tax**

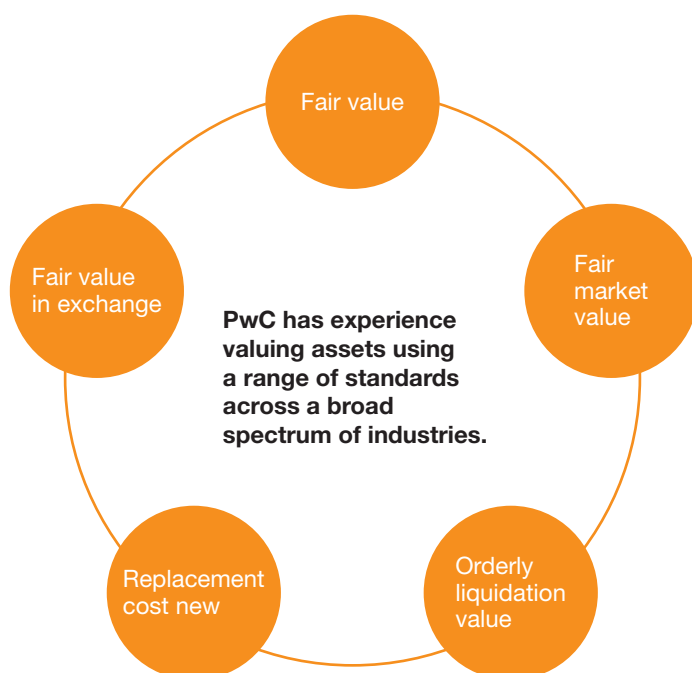
PwC's integrated approach includes a tax perspective to help your company identify beneficial opportunities and provide the documentation necessary to improve your tax position. **Examples of such studies include:** 861/864 interest expense allocation studies, FIRPTA analyses, 1031 Like-kind exchange valuations, and tax planning cost segregation and property tax studies.



## Our qualifications

PwC's dedicated and accredited (ASA, MAI, RICS, MBA and State Certified) valuation professionals with expertise in engineering, real estate, accounting and fixed asset accounting systems take an integrated approach to deliver a tailored solution to your needs. Our team possesses deep experience with valuation issues unique to key industries ranging from chemicals and industrial products to high-technology and telecommunications.

As part of PwC's Transaction Services groups, our PP&E valuation specialists have access to over 1,000 deal professionals to provide our clients with full-service valuation support throughout the deal continuum. We also team with PwC's database management consultants to cleanse your fixed asset accounting records and provide you with a value-added and updated fixed asset register for enhanced future tracking purposes. We also tap into PwC's global network of 150 member firms for local expertise when beneficial.



## For more information, contact:

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## Fixed asset consulting

PwC can perform **depreciation and book life studies** to help optimize fixed asset depreciation policies and benefits, unlocking shareholder value.

Our **fixed asset management services** include inventory reconciliation and ledger cleansing, Sarbanes-Oxley compliance, fixed asset register creation, IFRS asset componentization, asset tagging exercises and insurance valuation.

## Sample projects

- **Pre-deal valuation:** A leading worldwide beverage company was planning to acquire their international supply chain. We helped the company and its board to understand the possible depreciation effects to their Day 1 P&L as well as the accounting and valuation challenges they would need to address after the deal closed. To support our recommendations, PwC's valuation analysis combined our deep industry experience and library of cost information to provide our client with a supportable estimate of value.
- **Purchase price and interest expense allocation:** A global manufacturer of construction and “do it yourself” power tools and accessories had just completed a strategic acquisition. We worked with our international PwC network of colleagues to value more than 30 plant locations in five countries in a matter of weeks. After the initial valuation, we worked with the client to implement the valuation results into their accounting system and make recommendations for remaining depreciable lives. **For a similar project, we also leveraged our analysis in allocating interest expense as part of the client's Section 861 tax assessment to help improve the company's tax position.**

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