



The accounting rules governing business valuations and impairment testing have undergone significant change in recent years. If your organization is picking up its M&A activity, now is a good time to revisit the current accounting environment. Many of our clients halted their growth efforts during the recession, only to discover a new set of accounting rules at their next acquisition. The main accounting standard dealing with this area is ASC 805, *Business Combinations*.

ASC 805, BUSINESS COMBINATIONS

Pluris consistently monitors accounting developments and is familiar with the latest issues and best practices surrounding acquisition activities. Did you know that under the latest accounting rules, a business valuation no longer involves a “purchase price allocation” model but a “fair value” model in measuring the assets acquired and liabilities assumed? Before FAS 141R, prior accounting guidance only partially relied on fair value measurements and then only used those fair value measurements to allocate the cost of the acquisition to the assets acquired and liabilities assumed. Under the latest rules, all assets and liabilities must be individually fair valued. Our opinions of value have been reviewed, accepted, and relied upon by both the Big 4 and regional accounting firms, as well as the SEC. Previous working relationships with audit firms and the SEC are vital to ensure a smooth review process.

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Pluris will work with you from deal conception through term sheet, closing, and beyond. Often, deal terms change prior to closing. After closing, accounting rules provide one year to reflect new information that would have affected fair value had it been known at closing. During this year, Pluris can assist you in firming up provisional items.

Pluris offers the following business valuation services to assist companies and their advisors in accounting for business combinations under ASC 805:

- ▶ Provide guidance in determining the intangible assets that should be recognized apart from goodwill such as trademarks, patents, customer relationships, and in-process research and development
- ▶ Determine the respective fair values for financial, tangible, and intangible assets
- ▶ Attribute any excess of cost over fair value of the acquired assets and liabilities assumed to goodwill