SVB Analytics
A Member of SVB Financial Group

Purchase Price Allocation and Intangible Asset Impairment Analyses

Save time and money while staying on top of changing compliance rules for mergers and acquisitions.

New regulations approved by the Financial Accounting Standards Board include significant changes in reporting requirements for acquired assets and liabilities. SVB Analytics offers expert ASC 805, ASC 350 and ASC 360 analyses to ease the valuation and reporting processes and minimize potential challenges by external auditors or the SEC.

Purchase Price Allocation (ASC 805) Services.

ASC 805 (formerly FAS 141R) addresses accounting and reporting requirements for business acquisitions. To align U.S. accounting practices with international financial reporting standards, ASC 805 requires companies to measure specific contingent liabilities in a merger and acquisition transaction at fair value, and is in effect for acquisitions that occur in 2009 and beyond.

Changes in Accounting Standards

In July of 2009 the Financial Accounting Standards Board released its Accounting Standards Codification (FASB ASC). FASB ASC replaces all previously existing financial accounting standards apart from U.S. Securities and Exchange Commission pronouncements and is the authoritative source for accounting principles.

SVB Analytics' ASC 805 services provide:

- Identification of assets acquired and liabilities (including contingent liabilities) assumed in the transaction.
- Valuation estimates for identified intangible assets and liabilities using income, market and cost-based valuation approaches.
- A determination of the consideration paid in the transaction (including contingent consideration).
- A comprehensive narrative report detailing our findings, including supporting exhibits.

Goodwill and Intangible Asset Impairment (ASC 350 and ASC 360).

ASC 350 (formerly FAS 142) establishes regulations for the accounting treatment for goodwill and indefinite-lived intangible assets under mergers and acquisitions. Under current rules, these assets are no longer amortized, but rather are tested annually for goodwill impairment. This is typically a two-step process that involves accurately identifying potential impairment, and, should impairment exist, measuring the amount of impairment loss by comparing the appraised fair value of the reporting unit to its carrying amount.

ASC 360 (formerly FAS 144) determines the accounting treatment of finite-lived intangible assets, if the carrying amount of a long-lived asset exceeds its fair value to determine the correct impairment/disposal loss amount. Similar to ASC 350, a two-step test is required to determine impairment. However, in contrast to ASC 350, the initial test to determine impairment requires the use of undiscounted cash flows attributable to the finite-lived intangible asset.

SVB Analytics' ASC 350 and ASC 360 services provide:

- A determination of the fair value of the reporting unit using income-, market-, and asset-based valuation approaches (ASC 350)

- Intangible asset valuations to support step two of the impairment process should the step one tests fail
- A determination of the undiscounted cash flows of the subject finite-lived asset to ascertain whether the asset passes or fails step one of the impairment process (ASC 360)
- A comprehensive narrative report detailing our findings, including supporting exhibits

The Corporate Valuations Leader.

SVB Analytics, an affiliate of Silicon Valley Bank, brings more than 25 years of experience working with leading technology, life science and cleantech companies. We work closely with the Big Four accounting and auditing firms, as well as with regional firms around the country, so we can stay current with and rapidly adapt to changing audit requirements. Every major audit firm has reviewed and approved our work.

Contact Us.

For more information about SVB Analytics' purchase price allocation and intangible asset impairment analyses, please contact SVB Analytics Sales at 800.760.9644 or 415.764.3186, or svba@svb.com.

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