

PURCHASE PRICE ALLOCATION

Introduction

Insights Advisory have an experienced team of financial consultants who work together to execute Purchase Price Allocation in M&A deals. We provide a detailed and easily comprehensible report on the valuations and the effect on intangible assets and goodwill resulting from them.

Our detailed approach and methodology guide us to prepare a systematic study for Purchase price allocation (PPA) carried independently of the applicable accounting standard as the value of the newly identified intangible assets and goodwill directly impacts the earnings a company shows due to the depreciation.

Stages of Purchase Price Allocation

01

Determination of the purchase price and date of acquisition relevant for the PPA.

02

Analyze the transaction in detail, like buying and selling rights.

03

Determination of the transaction price.

04

Identification of the previously off-balance sheet intangible assets and liabilities will be shown in the future consolidated balance sheet.

05

Determination of the fair value for all assets and liabilities, whether on or off the balance sheet.

06

Calculation of difference in the purchase price and the fair value of the net assets.

07

Calculation of goodwill and allocation of assets: goodwill is calculated as a difference between the purchase price and the total fair market value of assets and liabilities of the acquired company.

08

Valuation of newly identified intangible assets: It is done by adopting following approaches:

- *Market Approach: Obtaining evidence of comparable transactional data, adjusting price multiples and royalty rates.*
- *Income Approach: Separating revenue and cost attributable to intangible asset and computing present value at appropriate discount rate.*
- *Cost Approach: Replacement cost is taken that is adjusted with economical obsolescence and physical deterioration.*

Our Methodology for Purchase Price Allocation

Insights possess the capacity to facilitate the investor in assessing impact of the PPA with respect to internal and external KPIs should in an early stage of the acquisition process, and the priorities as well as an appropriate target outcome of the PPA should be defined in a general framework

DETERMINATION OF TOTAL CONSIDERATION

REVALUATION OF EXISTING ASSETS

IDENTIFICATION OF NEWLY IDENTIFIED INTANGIBLE ASSETS

VALUATION OF NEWLY IDENTIFIED INTANGIBLE ASSETS

CALCULATION OF GOODWILL AND ALLOCATION OF ASSETS

Contact Us

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