

Purchase Price Allocation and Reporting Unit Restructuring

Offering the client industry expertise through a breadth of services



Client challenge

A KPMG valuation client (Target) was set to be acquired by a third party (Buyer) in a stock purchase of over \$20 billion. The Buyer and Target had to develop pre-deal values for financial reporting purposes with sensitive confidential government information. Post deal, the Buyer was going to re-organize all of the acquired reporting units, necessitating values of all assets on a reporting unit basis.

The project

Leveraging the relationship with the Target, the Buyer hired KPMG to provide pre-deal estimates as well as perform a valuation of acquired intangible assets, tangible assets, and enterprise values by reporting units. Furthermore, the values were broken down by legal entity so they could then be re-aggregated into new reporting unit structures. The valuation also include a breakdown of assets of the commercial business versus government business of the Target.

Client results

Our work allowed for ease in which to get through the audit process as well as assist in the restructuring. We were also able to leverage our work for a new engagement with the Buyer when they spun out a portion of the acquired business.