

# Getting the best from EY's transaction accounting support services

**Financial Accounting Advisory  
Services (FAAS)**

## Overview

A transaction can be a transformational event for a company. The Company needs to consider a number of aspects for successfully bidding and integrating a business. Achieving that objective requires the ability to navigate challenging transaction accounting and reporting processes to demonstrate the tangible results for all stakeholders .

### EY FAAS transaction support:

- ▶ We have extensive experience in transactions spanning multiple geographies, enabling us to navigate key accounting and reporting issues.
- ▶ Our hands-on support and advice brings operational efficiency in the field, speed of execution, time and cost savings
- ▶ Our knowledge sharing and leading practices from EY subject-matter resources and propriety EY Strategic Transaction Accounting Tool ('EY STAT') technology helps you for smooth integration

We can assist you through out the transaction life-cycle.



## The transaction process – our services\*

Our services are structured around the four key phases of a typical transaction. They are designed to give you confidence that accounting and reporting requirements have been considered at each phase. We also assess risks to help you avoid delays reduce their impact.

- ▶ Assist you in accounting diligence
- ▶ Accounting implications of structuring
- ▶ Impact on transaction value

### How do you benefit?

- ▶ Detailed knowledge of accounting risks and support in managing them
- ▶ Documentation of a transaction structure for tax and accounting purposes, supporting a smooth financial integration with your group

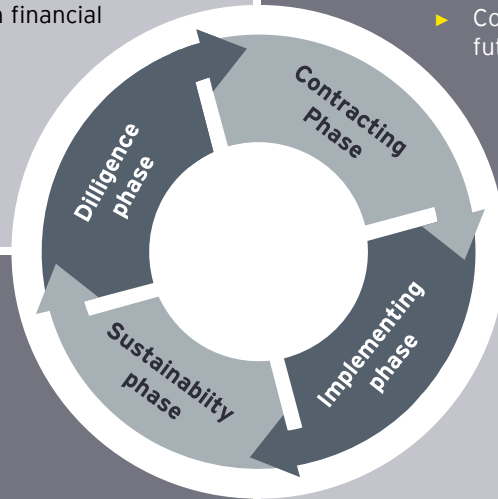
Time frame 1-3 weeks

- ▶ Ongoing assessment of the accounting consequences based on the progress of negotiations
- ▶ Analyzing aspects relevant to accounting e.g. earn-out arrangements, put/call options, control issues
- ▶ Analyzing financing structures from an accounting and tax perspective

### How do you benefit?

- ▶ Comprehensive analysis of the transaction's future accounting impacts, in various scenarios

2-5 months Time frame



- ▶ Harmonizing and integrating acquiree's accounting with your group's accounting practices, systems and consolidation processes
- ▶ Assisting with regulatory filing, statutory financial reporting for merged entity under IFRS/Ind AS

### How do you benefit?

- ▶ Efficient integration of the acquiree in your accounting and reporting
- ▶ Ongoing integration across all functions such as systems, processes/controls and timely reporting

Time frame 6-12 months

- ▶ Identifying key accounting policies/GAAP differences
- ▶ Perform Purchase-price allocation (PPA), conclude PPA accounting issues such as recognition of intellectual property rights (IPR), deferred tax, impairments
- ▶ Enabling first-time consolidation digitally

- ▶ Assisting with regulatory filing requirements, reviewing closing accounts

### How do you benefit?

- ▶ Correct accounting in financial statements
- ▶ Support in a time-sensitive reporting scenario

3-6 months Time frame

## End to end support for smooth integration\*

Our experience and insights allow us to act as the client's transaction partner and to understand the broader organizational view rather than just a singular transactional approach,



### EY differentiators

Extensive deal experience

Strategic and comprehensive approach

One solution for multiple stakeholders

Operational efficiency

An integrated practice with global reach

EY STAT Tool for integration

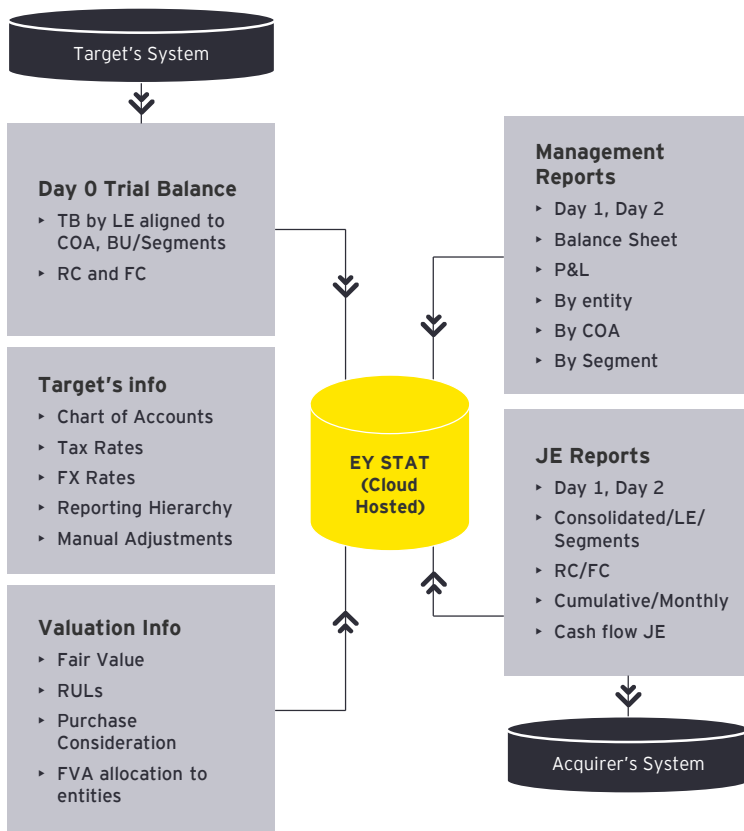
## Digital solution driving your success\*

- ▶ In accounting for business combinations, companies often struggle establishing a strategic approach that involves a clear vision of the end-to-end purchase accounting process which involves the different stakeholders across the organization.
- ▶ EY STAT tool assists you throughout the purchase accounting journey and helps asking the better questions upfront. Our integrated approach and digitally enabled solution can help you in multiple ways:

### 1 Overview

- ▶ EY STAT is a robust end-to-end solution that helps you operationalize transaction purchase accounting
- ▶ EY STAT generates management reports and journal entries for Day 1 (transaction close), Day 2 (post-close) and push-down (to local ledgers) by legal entity and account
- ▶ All purchase accounting information related to a transaction is contained in one secure repository

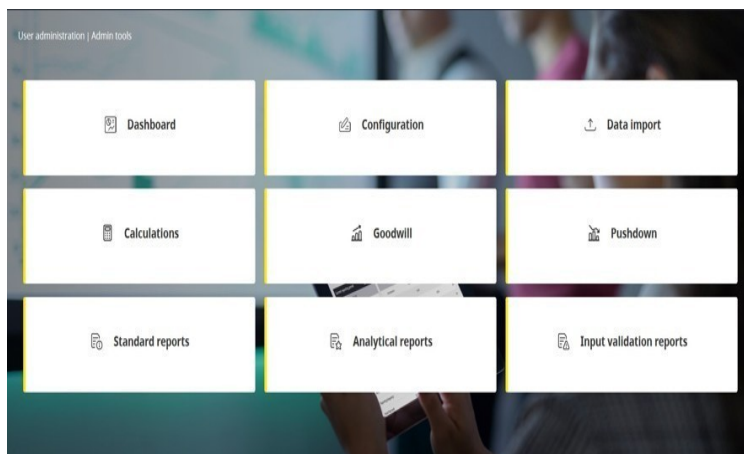
### 2 How EY STAT works?



### 3 Benefits:

- ▶ Cloud-based multi-user solution with 24/7 client accessibility
- ▶ 10 modules with 300+ accounting calculations and ability to customize
- ▶ Choice to mirror acquirer's or target's legal entity and reporting structure
- ▶ Deferred tax accounting & foreign currency translations
- ▶ Goodwill allocations to reporting units/legal entities
- ▶ Automated JE for upload in consolidation system
- ▶ Asset level tracking to facilitate push down
- ▶ Digital, interactive process tailored for you
- ▶ Greater confidence and reduced risk due to structured process
- ▶ More effective and efficient way of reporting

### User friendly gateway and flexible capabilities



### Multiple standard reports and ability to create your own ad-hoc reports

Description	Historical Opening Balance Sheet	Total Purchase Accounting Adjustments	Aggregating Goodwill from Business Units to Reporting Units	Allocation of Goodwill to Legal Entities and Reporting Units	Fair Value Balance Sheet as of 2/29/2020
	Historical Opening Balance Sheet as of 2/29/2020				
	D = A-B-C	X = T-W	Y = Goodwill Allocation Report	Z = Goodwill Allocation Report	AA = D+X+Y-Z
☐ Cash	41,345,649	--	--	--	41,345,649
☐ Accounts receivable	592,716,312	31,639,726	--	--	624,356,038
☐ Inventory	473,880,022	102,296,907	--	--	576,176,929
☐ Other current assets	105,175,979	103,416	--	--	105,279,395
<b>Current assets</b>	<b>1,213,117,962</b>	<b>134,040,049</b>	--	--	<b>1,347,158,011</b>
☐ Property, plant and equipment	451,291,017	102,104,629	--	--	553,395,646
☐ Intangible assets - Other	812,881,293	3,655,018,707	--	--	4,467,900,000
☐ Intangible assets - Goodwill	1,648,276,149	2,607,793,083	--	--	4,256,069,232
☐ Income tax assets	86,846,318	8,651,733	--	--	95,598,051
☐ Other noncurrent assets	117,603,230	56,579,680	--	--	174,182,910
<b>Noncurrent assets</b>	<b>3,116,998,007</b>	<b>6,430,147,832</b>	--	--	<b>9,547,145,839</b>
<b>Total Assets</b>	<b>4,330,115,969</b>	<b>6,564,187,881</b>	--	--	<b>10,894,303,849</b>
☐ Accounts payable	(947,402,830)	--	--	--	(947,402,830)
☐ Accrued liabilities	(425,530,071)	(108,827)	--	--	(425,638,898)
<b>Current liabilities</b>	<b>(772,932,901)</b>	<b>(108,827)</b>	--	--	<b>(773,041,728)</b>
☐ Deferred taxes	(147,833,662)	(752,753,188)	--	--	(900,586,850)
☐ Pension and other post-retirement	(141,210,293)	(39,012,467)	--	--	(180,222,760)
☐ Long term Debt	(1,900,000,000)	--	--	--	(1,900,000,000)
☐ Other noncurrent liabilities	(108,501,496)	(21,700,713)	--	--	(130,202,209)
<b>Noncurrent liabilities</b>	<b>(2,297,545,451)</b>	<b>(813,466,369)</b>	--	--	<b>(3,111,011,819)</b>
☐ Paid in capital	(1,317,382,689)	(5,619,607,899)	--	--	(6,936,990,588)
☐ Noncontrolling interest	(27,979,608)	(45,280,106)	--	--	(73,259,714)
☐ Preferred stock	1,974,323	(1,974,323)	--	--	--
☐ Retained earnings	(225,274,972)	(225,274,972)	--	--	--
☐ CIA	266,979,534	(266,979,534)	--	--	--
☐ Accumulated OCI	42,045,794	(42,045,794)	--	--	--

\*Above services are subject to independence and regulatory considerations

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EYIN2008-009  
ED None

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