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Valuation
advice
For what
it's worth...



Valuation

Valuation is often a controversial and complex subject. It requires an in-depth understanding of a company, its market and competitors, financial and non-financial information, as well as factors such as the legal and regulatory environment. Valuation advice needs the right blend of analysis, experience and professional judgement.

The requirement for robust valuation advice is relevant in all economic environments, and is an essential component of M&A activity, reorganisation and turn around activity, in litigation and financial reporting.

M&A and investment analysis

An acquisition or disposal will often be the most significant transaction undertaken by a purchaser or vendor in their lives. Badly planned or poorly executed M&A transactions can destroy value. Valuation advice is an integral part of all M&A, assisting in answering the following questions:

- What are my strategic options for the business? What is the business worth to me now? How much could it be worth to me?
- What are the available exit routes and how much could the business be worth to potential acquirers?
- What is the value of the companies in my investment portfolio?

Our team assists management and stakeholders in transactions, strategic reviews and investment appraisals.

We work closely with other specialists in Deloitte, including Corporate Finance Advisory, Tax and industry experts, to provide integrated advice at all stages of a transaction.

Reorganisation, turnaround and recapitalisation

Downturns in the economy can quickly place otherwise profitable companies in situations of stress. Assessing the options open to such companies inevitably requires judgements to be made on valuation issues, for example:

- What is the value of security held over the business, assets or shares of an entity?
- Is the value of the business greater than the amount of outstanding debt and, if not, where does the value of the business sit relative to the debt structure?
- What are the value implications of different reorganisation or insolvency options?

We work closely with the Deloitte Reorganisation Services Group to advise management, shareholders, debt providers and other creditors of businesses undergoing restructuring in respect of value realisation strategies.

Our work often plays a key role in informing decisions around the contribution of new capital or the appointment of a receiver or liquidator.

Litigation, expert determination and disputes

A dispute can give rise to questions of value, such as;

- How much has the value of a business, or asset, been affected by a breach of contract, breach of warranty or infringement of a patent or the rights attaching to shares or an asset?
- Has a loss of value been suffered due to the professional negligence of an advisor?
- How much is a minority interest in an unquoted business worth?

When these questions arise, you will want to appoint experts who understand the issues; who can reach sound conclusions grounded in an independent, objective and thorough analysis of all the evidence; and who can explain the issues and their conclusions clearly and concisely to others involved in the dispute resolution process.

We often act as:

- An expert witness: our team includes credible and experienced professionals who have previously acted as expert witnesses and have prepared reports for court on a wide range of valuation issues.
- An independent expert appointed to determine value: whether under the Articles of Association or the terms of an agreement between parties in dispute, we are experienced in delivering a thorough, fair and efficient process, where you can have confidence in the final result.



- An advisor to one of the parties in an expert determination: we draw upon our experience of acting as independent experts to assist a party at all stages of the process, from identifying and evaluating potential independent experts to preparing submissions on behalf of a party to the dispute.

We work closely with our Forensic and Dispute Services Group to deliver solutions tailored to the specific circumstances of the matter.

Tax, financial and regulatory reporting

Businesses are increasingly confronted with tax, financial and regulatory valuation requirements. International Financial Reporting Standards and the move to 'fair value accounting' mean clients need professional advice regarding domestic and international regulations, and the interaction between the different regulatory regimes. Key questions include:

- How should the intangible assets of an acquired business be valued? How should the purchase price be allocated amongst the tangible and intangible assets and liabilities acquired to determine goodwill?
- What are the likely capital gains or other tax/duty consequences of a proposed transaction?
- At what value should shares be issued to employees participating in an employee share scheme?
- Are the balance sheet values of my intangible assets (including goodwill) impaired and, if so, by how much?

We work closely with valuation, accounting and tax professionals from Deloitte's global network to provide comprehensive and up-to-date advice on these complex and challenging issues.

Intellectual property and intangible assets

The valuation of intellectual property and intangible assets presents many different challenges and raises questions such as:

- How much is my brand or patent worth?
- What is the value of my customer database?
- How much finance can I raise with my intellectual property rights as security?
- What loss have I suffered through infringement of my intellectual property rights?

We have many years experience in valuing intellectual property and in dealing with the commercial and valuation issues unique to intellectual property rights and assets.

How we can help

Deloitte's valuation group is part of our Corporate Finance department. We have extensive experience in valuing shares, businesses and intangible assets in a variety of commercial contexts, including, mergers and acquisitions, reorganisations, tax, financial reporting and disputes.

In addition to providing stand alone advice, we work closely with industry and technical specialists across our four business divisions: Audit, Tax, Consulting and Corporate Finance to deliver an integrated solution tailored to our clients needs.



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Deloitte profile

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Deloitte's 165,000 professionals are committed to becoming the standard of excellence. Deloitte's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from diversity. They enjoy an environment of continuous learning, challenging experiences, and enriching career opportunities. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

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