

TRANSACTION SERVICES

Financial Integration of a Cross-Border Acquisition

ADVISORY

KPMG's Global Conversion Services team can help identify gaps between U.S. GAAP and local accounting principles.



The GCS team can design models to determine the impact on enterprise value; assist with the accounting integration and support the conversion projects; assist in the preparation of the opening balance sheet; convert a target company's historical financial statements from one accounting basis to another, such as U.S. GAAP and Japanese GAAP. This global team draws from KPMG International's network of member firms, which includes more than 1,000 skilled professionals worldwide, which can help you with your financial conversion and integration challenges.

Client

Global financial services provider headquartered in the United States

Project

Acquisition and financial integration of a Japanese subsidiary

Key Issues

- Differences between U.S. GAAP and Japanese GAAP
- Resource constraints in the financial reporting function
- Multi-GAAP reporting requirements (U.S. and Japanese)
- Given the significance and timing of the underlying transaction, tight external reporting deadlines for first-quarter close
- Sufficiency of controls documentation
- Implementation of new Oracle IT systems

Project Duration

6 months

Work-Days

1,980 work-days

Services and Special Features

Advisory services provided:

- Discuss and advise on reporting requirements and differences between U.S. GAAP and Japanese GAAP
- Support a master plan for the financial integration of the Japanese acquiree



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- Assist with purchase price allocations
- Support the development of historical financial information for the previous two financial reporting periods
- Support the development of pro forma statements
- Assist with an information needs assessment for U.S. GAAP and Japanese GAAP to identify additional information requirements, information gaps, and information sources
- Summarize IT system business requirements to facilitate communication between the accounting and system functional workstreams
- Review impact analyses of different revenue recognition concepts and provide recommendations to facilitate the decisions regarding their implementation. (For example, the impact of transaction costs, discounts, and premiums on the application of the effective interest rate method.)
- Review design and structure of chart of accounts with respect to the group reporting requirements under U.S. GAAP
- Provide technical advice on U.S. GAAP issues
- Facilitate training courses and updates on U.S. GAAP accounting topics
- Review design and implementation of U.S. GAAP tools and templates
- Design and document system, processes, and internal controls over the key business cycles
- Assist with the go-live process with respect to the review of the reporting package and the validation of financial data

Results of the Project

- Historical U.S. GAAP financial statements
- Pro forma financial statements of the combined entity
- Opening U.S. GAAP balance sheet
- Ongoing group financial reporting under U.S. GAAP consistent with group policies and statutory reporting under Japanese GAAP

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