

Personal property audit assist review Q&A: ASC 805, Business Combinations

Valuation date: 12 October 2017

Q#	Category	Questions & data requests	Responses (black = appraiser, management; green = AUDITOR)
1	Background	Discuss the reconciliation performed between the fixed asset ledgers and the balance sheet. Did the cost and NBV reconcile? What is the "as of" date of the fixed asset file provided?	
2		Does the acquirer intend to rationalize any locations or assets acquired? What is the highest and best use and resulting premise of value for the assets to be rationalized?	
3	Cost approach	Provide the data from the cost approach model used. Please show the data from historical cost to replacement cost to concluded value. Include trend factors, percent good, obsolescence factors, and any other adjustments made to arrive at concluded value.	
4		If the direct cost method was used, please provide the sources of the direct replacement cost values, samples of the support, and any necessary calculations to understand the replacement costs.	
5		Does the data contained in the fixed asset ledger include any non-historical information resulting from prior purchase accounting or impairments? If so how was the non-historical information handled in the analysis?	
6		Provide a summary of the valuation asset classes with the corresponding normal useful lives, trend factors, depreciation, salvage factors, and RUL	

		floors, including sources and any general explanations of how factors were determined for each.	
7		When using the trending method, what procedures were used to verify the reasonableness of the reproduction cost new?	
8		What consideration was given to the application of functional obsolescence? Were there any adjustments made for FO? If yes, please explain how the adjustment was determined and quantified. If no, please explain the reasoning for not applying FO.	
9		Were there any adjustments made for economic obsolescence including inutility? If yes, please explain how the adjustment was determined, quantified, calculated, and applied. Was future utilization considered in addition to current utilization?	
10		How were assets valued that exceeded the normal useful lives assigned?	
11	Market approach	Which assets or asset classes were valued using the market approach?	
12		Please provide the market data used. Include sources and describe any adjustments made to comparable data. Were indirect costs (e.g., installation) included for assets valued in-use?	
13		How were rebuilds, replacements, or refurbishments handled in the analysis?	

14		Were any assets identified as being idle or obsolete? If so, how were these assets treated in the analysis?	
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