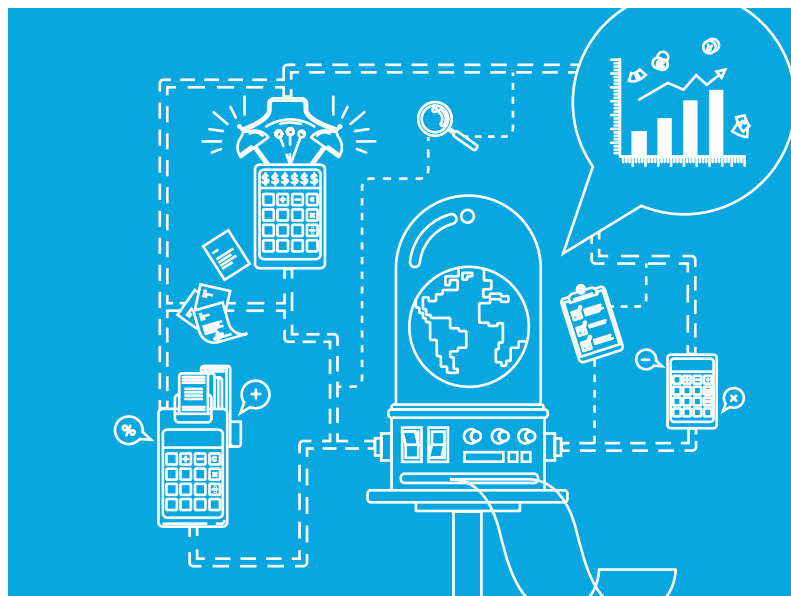


Additional deal support advisory



Our hands-on, senior led approach to M&A, means that our partners are genuinely involved in the delivering of projects, and this differentiates us.

The approach results in our senior practitioners developing an in-depth knowledge of the underlying target business. Together with their M&A experience, we are placed in a powerful position to advise in a broad range of areas beyond the investigative due diligence itself. Additional areas where we provide value added support may include:

A. Sale and purchase agreement

Working with yourselves and your legal advisors, comment on the specific clauses of the Sale and Purchase Agreement, as identified by you.

For **completion accounts**, we would consider:

- the definitions of terms including debt, cash and working capital
- the purchase price adjustment mechanism setting out the interaction between the payment of consideration and adjustments to be made through the completion accounts
- suitability and completeness of the accounting policies drafted for inclusion in the completion accounts schedule
- the mechanism for preparation and review of the completion accounts
- the suitability of general accounting warranties provided and identifying any key documents where warranties should be sought

For a **locked box** deal mechanism, we would consider:

- the definitions of leakage
- the suitability of and the robustness of protection (e.g. warranties) around the Locked Box balance sheet
- the basis for any adjustment proposed by the vendor for profit accruing post Locked Box date but pre-completion
- the suitability of general accounting warranties provided and identifying any key documents where warranties should be sought

B. Purchase price allocation

As global accounting standards converge on fair value financial reporting, it is increasingly a requirement for companies making acquisitions to undertake a purchase price allocation exercise, post completion. This requires the acquirer to fair value the acquired tangible assets and any separately identifiable intangible assets such as customer relationships, brands, other IP, and software, in addition to the residual goodwill. As the incumbent auditors will be confined by independence rules from providing preparatory assistance, we can assist in the preparation of independent purchase price allocation reports to facilitate an efficient audit sign-off which minimises management time and involvement.

C. Banking documents

Working with yourselves and your legal advisors, comment on the specific clauses of the Credit Agreement, as identified by you. We would consider:

- the definitions of terms including Cashflow, EBITDA, Financial Indebtedness and Exceptional Items
- the existence of ancillary borrowing to be considered as a carve out within warranties
- consistency of the covenants definitions with the financial projections
- interaction with the Sale and Purchase agreement, the treatment of price adjustments arising from completion accounts
- the cross-default clause

D. Tax relief and recoverability on deal fees

Perform a review of the professional fees incurred as part of the transaction and based on the services provided both in respect of VAT recoverability and in respect of corporation tax relief available:

- comment on the appropriateness of any VAT charges levied
- provide guidance to assist in the maximisation of VAT recovery based on current legislation and guidance
- provide advice on the corporation tax relief available on costs incurred as part of the transaction and at a high level, any required accounting treatment required, to ensure maximise the availability of any relief

E. Corporation tax deductibility of interest costs

The tax rules are becoming ever more complex in terms of what tax relief a company can claim in respect of its interest costs and it is not automatic that all interest costs qualify for corporation tax relief. We can work with you, as required, on areas, such as:

- Understanding the most recent interest deductibility rules and modelling the implications of such new rules so that you have visibility on the availability of tax relief over the next few years
- Work with you to discuss the loan structure to maximize the deductibility of interest for corporation tax purposes

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