

Mercer Capital's Financial Reporting Valuation Flash

Volume 6, No. 2, 2014

50 Posts and Counting

August 15, 2014 marked the 50th post to Mercer Capital's [Financial Reporting Blog](#). The post is reprinted on page 2. The goal of the blog is to provide lively commentary on current developments in financial reporting.

Over the course of the last year, we have covered topics ranging from the latest technical guidance and best practices to our own musings about valuation issues in the mainstream news media. If you have not already subscribed to the weekly update via email, [you can do so here](#). Or, follow us on Twitter, [@MercerFairValue](#).

If there is a particular topic that you would like to see us write about or comment on, just email one of our regular contributors. Thank you for following us; we are proud of our first 50 posts and are looking forward to bringing you the next 50.

Recent Post Roundup by Category

Here is a sampling of topics that have been in the news and on our minds thus far in 2014.

Purchase Price Allocation

- [Green is the Color of Inversion M&A](#)
- [A Game of Names: Licensing and Tradename Valuation](#)
- [The Complications of Contingent Consideration: "It Depends"](#)

Equity-Based Compensation

- [SEC Signals Increased Focus on Financial Reporting](#)
- [Market Participant Perspectives: An Inside Look at the YouTube Seed Round](#)
- [Startup Stock Secondaries: Cash In Early, Cash In Often?](#)

Portfolio Valuation

- [Valuation Best Practices for Venture Capital Funds](#)
- [Growing Business Development Company Field Highlights Fair Value Requirements for Investment Funds](#)
- [Portfolio Valuation and Regulatory Scrutiny](#)

Impairment Testing

- [Goodwill Impairment: Good, Bad, or Indifferent?](#)
- [Gone in a Flash: M&A, Impairments, and Flash Sale Websites](#)
- [Pulling the Trigger: Interim Goodwill Impairment Testing](#)

Fair Value, Markets, and Other Musings

- [When It Rains It Pours: Middle-Market Deal Activity Is Picking Up](#)
 - [What Is a B Corp?](#)
 - [Economics of Elon Musk's Patent Altruism](#)
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50th Post on Mercer Capital's Financial Reporting Blog

Premature Obituaries and Other Mixed Signals

Asked to define “ambivalence,” one wag reportedly replied, “I suppose it’s a bit like watching your mother-in-law drive your brand new Porsche off a cliff – you’re just not sure how to feel.” Accounting observers following the long and winding road to [convergence](#) of FASB and IASB accounting standards will be forgiven for experiencing a similar degree of cognitive dissonance in recent weeks.

First came the obituary. As [reported](#) in a Singapore-based business publication, IASB Chairman Hans Hoogervorst seemed to pronounce convergence efforts, which have been ongoing for over a decade, dead during the question and answer session following a speech in late July: “The FASB decided to stick to current American practices and leave the converged position. It’s a pity. Convergence would have allowed the U.S. to make the ultimate jump to IFRS. But nobody can force it to do so; if it wants to stick with U.S. GAAP, that’s its choice. But IFRS moves on – we have a large part of the world to take care of.”

Given the glacial pace of accounting standards setting, inaction on the part of the SEC with regard to accepting IFRS-based financials from U.S. filers, and the struggles to find common ground on key accounting issues such as impairment of financial instruments, it had become clear to most that convergence would be neither easy nor quick. But until Chairman Hoogervorst’s comments, no one in a position of authority had sounded the death knell for the project.

A week or so later came the confirming evidence, as the two boards [announced](#) that the long-awaited lease accounting standards – one of the most significant of the “convergence” projects – is nearing completion, but will not be “converged.” While the FASB has elected to retain a dual model in which some leases will continue to effectively receive traditional operating lease treatment, the IASB has opted for a single model in which all lease agreements are treated as financing transactions.

But this week came word that the obituary was, after all, premature. In a [speech](#) in Johannesburg, South Africa, the vice-chair of the IASB, Ian Mackintosh, pronounced a single set of global accounting standards “desirable, achievable, and ... inevitable.”

So, which is it? Is convergence dead, or is it inevitable? We don't know. However, we note that one of the most noteworthy convergence success stories relates to valuation. In 2011, the IASB and FASB [issued standards harmonizing the measurement and disclosure of fair value](#). IFRS 13 and ASC 820 provide a single comprehensive base of guidance for fair value measurements. As a result, while the two accounting standards do not always use fair value in the same way, they do define it in the same way. At Mercer Capital, we regularly assist clients in fair value measurements used in both IFRS and U.S. GAAP. Call one of our professionals today to see how we can help you.

Blog Categories

An easy way to find posts of interest is to search by category. Below is a listing of the categories currently available on the blog.

- [Bankruptcy and Restructuring Advisory](#)
- [Equity-Based Compensation Valuation](#)
- [Fair Value](#)
- [Impairment Testing](#)
- [Markets](#)
- [Portfolio Valuation](#)
- [Purchase Price Allocation](#)
- [Tax](#)

Mercer Capital's Financial Reporting Blog

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Valuation Services

In an environment of increasingly complex fair value reporting standards and burgeoning regulatory scrutiny, Mercer Capital helps clients resolve fair value reporting issues successfully.

We have the capability to serve the full range of fair value valuation needs, providing valuation opinions that satisfy the scrutiny of auditors, the SEC, and other regulatory bodies.

We also have broad experience with fair value issues related to public and private companies, financial institutions, private equity firms, start-up enterprises, and other closely held businesses. National audit firms consistently refer financial reporting valuation assignments to Mercer Capital.

Our professionals are nationally recognized as leaders in the valuation industry, and hold the most rigorous credentialing designations including the CFA, ASA, and CPA, among others, which are representative of the highest standards in the valuation and accounting industries. Mercer Capital has the institutional capability to tackle even the most uncommon or complex fair value issues. We understand the sensitivity of financial reporting timing needs and meet your deadline on time, every time.

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