



## Transactional Liability

Post-acquisition disputes following M&A deals can be complicated, especially if the target company does not immediately perform as expected. The resulting representations and warranties insurance claims can range from issues in one area to a complex myriad of intertwined representations requiring review.

At MDD, we have the necessary blend of forensic accounting and business valuation knowledge to provide clients with thorough analyses of the impact of particular alleged breaches of representations and warranties on the purchase price in an M&A transaction.

When clients ask for our help in representations and warranties matters, we will perform the appropriate analysis based on the issues at hand, which may include:

- Review the claim notice, assist in identifying key information, and layout the required review process.
- For cases where only one representation may be at issue, focus our review and analysis in that area (such as reviewing inventory obsolescence).
- Review the share purchase agreement to understand all components of the purchase price and the key representations at issue.
- In cases where financial statements are alleged not to comply with GAAP or IFRS, we will comment on the accounting policies used by the acquired firm.
- Review the documents, financial analyses, or valuation models used to set the purchase price to recast the target company's financial results to correct any identified breaches of representations and warranties.
- Review information related to post-acquisition net working capital disputes and integrate this information into the insurance claim evaluation.
- Review the "data room" to determine the extent to which the acquirer had prior knowledge of

the alleged breaches.

For assistance with transactional liability accounting services, hire MDD.