

Accounting Advisory for Insurance Intermediaries

Accounting for M&A

The UK insurance intermediary sector continues to evolve, shaped by market dynamics, political uncertainty and changing economic conditions, but confidence in the sector remains high. M&A activity remains buoyant and transactions continue to be buoyed by a combination of robust demand for insurance services and attractive valuations.

Buying or selling an intermediary can be a complex, stressful and expensive process. Our specialist team can assist your business drawing on their extensive experience in supporting transactions, both in the insurance broking and MGA market, acting for both buyers and sellers.

We can provide support in relation to acquisition accounting, business reorganisations and transactions.

Acquisition accounting and business reorganisations

The accounting for business combinations and group reorganisations can be complex. They tend to be significant transactions that can have widespread impacts on an intermediary's operations and financial performance. Typically, such transactions are unique, requiring significant accounting judgements and estimates, and need careful consideration of the impacts on financial reporting.

Our team can provide support with your IFRS and UK GAAP reporting needs in several ways:

- Review of the accounting implications and preparation of journal entries for business combinations, trade and asset transfers and disposals. As well as business combinations under common control, transfers of investments within groups and capital re-organisations.
- Advise on the availability of reliefs such as merger relief and group reconstruction relief.
- Provide impact assessment on KPIs and Alternative Performance Measures (APM), and advice for reporting on the changes to APMs.
- IFRS 3 Business Combinations requires extensive disclosures in the financial statements for material acquisitions that occur prior to the year-end or before the financial statements are published. We can provide practical advice to help ensure that the disclosure requirements of IFRS 3 are met yet ensuring that client sensitivities are considered.
- Ensure any assets, liability or non-controlling interest (NCI) are correctly reported ahead of a potential acquisition.
- We can assist you to assess possible risks, looking at potential rewards and walk you through every phase of a transaction or business restructure.

Accounting advisory within transactions

Our team has expertise across a wide range of transactions, both in the insurance broking and MGA market, and are able to support either buyers and sellers before, during and after the transaction occurs. We can work on our own, with our PKF colleagues or alongside your current advisors.

We can provide support for your transactions in the following ways:

- **Before transactions:** Providing health checks on accounting treatments and identifying any potential issues, sharing accounting policy wording and documentation for buyers, and supporting where a change of standard occurs (ie, UK GAAP to IFRS).
- **During transactions:** Supporting the Due Diligence (DD) team by reviewing financial statements and other financial information to identify accounting policies, inconsistencies or incorrect treatment and providing technical advice to internal and external teams. We can also ensure that, where a change of accounting standard or treatment is required, the buyer or seller is aware of these impacts and can support with assessing / reporting on the impacts and options available.
- **Post transaction:** Helping the acquired intermediary transfer onto new accounting policies or standards and updating accounting papers to meet the demands of the new Group. We can review business combination disclosures and any other impacted disclosures in the financial statements for compliance with the requirements of IFRS and UK GAAP.

In addition to the accounting advisory services we can support across, our team encompasses a wide range of services, including a full suite of due diligence, valuation, tax advisory and structuring, financial modelling, general transaction advisory support and working with our regulatory team to identify and resolve client money issues arising from the financial DD work.

1st

Largest auditor of
insurance intermediaries

100+

Insurance
intermediary clients

30%

Advisor to one third of
the UK's Top 50 Brokers

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