



40 FOUNTAIN STREET  
MANCHESTER M2 2BE  
UNITED KINGDOM  
TEL: +44 (0)161-832 3800  
MAIL@INVESTMENTEDUCATION.NET

## PRIVATE EQUITY ACCOUNTING

### Background

The increasing use of Private Equity Vehicles and Venture Capital and the complexity of investments and their accounting can cause concern. This course provides a guide through this bewildering accounting maze. It covers the accounting of all stages and steps in the process of venture capital.

This course, starting from basic Accounting, leads on to the Valuation of the vehicles, Investment Purchase and Disposal and Adjustments. While based on International Accounting Standards it is capable of adoption to local GAAP. Practical aspects are reinforced by the numerous exercises included.

### Delegates

- Accounting staff
- Derivatives and Securities Settlement staff
- Taxation staff
- Risk and Compliance staff
- IT executives involved in systems

Delegates should have a good Accounting knowledge and a basic understanding of finance and equity limited but the course will cover all the fundamentals of the accounting system.

### Content

#### 1 Accounting Basics

- Structure and how that affects accounts
- Fees and carried interest, value of loans, thin capitalisation
- Allocated, committed, drawn-down and invested capital
- The J-curve
- Cashflows, modelling and projection
- Using capital to fund low income returns
- Guarantees and shifts
- The investment/divestment cycle, when PE funds are closed
- Fundraising and injection
- Acquisition and cross holdings

#### 2 Private Equity Returns- the Basics

- Required information in accounts
- Compound versus annual returns
- Historic year returns
- IRR's – the inadequacy of goodwill accounting
- Multiple vehicles – TVPI, DPI, etc
- Median, upper quartile returns, Pooled returns, Time-weighted returns

### **3 Valuation**

- Accounting and Reporting for PE Funds
- Annual and Quarterly accounts
- Valuation guidelines and impact on accounts – different body rules
- The role of the auditor and advisory committee
- Investor protection, money laundering and control

### **4 Buyouts and Take-overs**

- Types of buyouts and restructures
- Size, Sector, and Geographic variations
- Debt and Loan including capitalisation of interest
- Earnings and redistributions including capital tax structures
- Control and Director remuneration

### **5 Tax Treatment of PE Funds and LP Interests**

- Pension funds
- Holdings by insurance companies and venture capital groups
- Double taxation
- Accounting Standards and other specifics
- Required information

### **6 Venture – an Outline**

- Application, allotment and entry structure
- Sector planning
- Stage allocation
- Modelling tools, impact on future return together with US model
- Cross border holdings

### **7 Analysis and Posting of Adjustments**

- Drivers
- Earnings analysis
- Recapitalisation and restructure
- Timing
- Buyout returns

### **8 Purchase and Disposal accounting entries**

- Due diligence
- At the Fund of Funds level
- At the fund level
- At the company level
- Targeted, not blanket
- Monitoring PE funds
- Planning an Investment Programme

<b>Duration</b>	2 days
<b>London</b>	6 – 7 March 2013
	9 – 10 July 2013
	22 – 23 October 2013
<b>Fee</b>	£ 1100 + VAT