


# ACCESSING US CAPITAL MARKETS



Going public can be an attractive and strategic option to fund growth and access deep liquidity pockets. However, getting there is often a time-consuming and daunting process. The management of companies looking at 'Going public' in the US must anticipate and address multiple considerations.

In our experience, some key matters to be considered while preparing for the listing process and getting ready for life as a public company are:

▶ **Developing a well-defined project plan**

Planning is key to success. Initiating the project plan activity well in time can help the management in identifying potential areas of focus and help direct organisational resources in an efficient and effective manner without losing sight of the ongoing business operations, which must continue as usual.

▶ **Identifying the right team**

Having the right team is about more than just identifying line personnel who will be involved in the Going Public process. Selection of key advisors such as accountants, lawyers, auditors and other advisors is critical to guide the company through the Going Public process, registration statements, compliance with SEC rules and regulations, support in resolving the SEC comments and assistance on roadshows and presentations.

▶ **Financial statements and reporting**

Identifying financial statements to be included/prepared, selection of GAAP, complex technical issues, SEC disclosures/pre-clearances, and reaudit of historical financial information as per PCAOB auditing standards require careful deliberation and evaluation.

▶ **Internal controls**

SOX considerations, internal control over financial reporting, and certification by CEOs and CFOs require changes to the internal control environment. Thus, it is important to define the internal controls framework, identify and fill gaps therein and set up a mechanism for regular testing of controls.

▶ **Effective tax structuring**

Tax plays an integral role in pre-listing structuring and planning. Assessing tax implications is important to identify any emerging or complex tax situations which may need tax expert advice. This assessment may lead to changes in the group entity structure for greater tax efficiency.

▶ **IT systems and cyber security**

IT risk assessments include cyber security risks. Information systems must be geared up for meeting stringent information availability deadlines post the listing.

▶ **Corporate Governance**

The selection of experienced and credible board members with the necessary expertise can guide management in achieving its corporate strategy while identifying, mitigating and managing risks.

▶ **Changes to compensation and benefits structures**

Changes to the compensation and benefits structure commonly result from the development of new ESOP schemes for employees. These changes result in many complex transactions which involve accounting, reporting, valuation and tax issues.

## HOW WE CAN HELP

At BDO in India, our team of cross-functional experts handhold businesses through this significant journey, right from the initial planning stage to the final filing of the registration statement and even thereafter providing complete assistance and guidance through each phase.

### PRE-FILING SUPPORT

#### Phase I (IPO readiness diagnostic)

- Evaluate current accounting and financial reporting policies and practices
- Explore tax and structuring
- Evaluate internal controls frameworks
- Evaluate corporate governance policies
- Evaluate compensation benefit plans, including proposed ESOP/RSU schemes
- Evaluate IT systems and cyber security
- Evaluate financial planning and analysis

#### Phase II (Remediating gaps identified in Phase I)

- Establish accounting policies and processes
- Draft technical memos
- Assist in remediating control deficiencies
- Assist in tax and restructuring
- Assist in designing FP&A templates
- Provide recommendations on IT systems and cyber security measures
- Draft financial statements and footnote disclosures
- Provide complete pre-audit support (audit readiness)

### REGISTRATION STATEMENT PREPARATION

#### Phase III (Drafting registration statement)

- Assist with the preparation of various sections and disclosures of the registration statement
- Draft tie-out binder supporting information and footnote disclosures in the registration statement
- Assist in completing the GAAP and SEC checklists
- Assist in resolving comments received from external auditors
- Assist with SEC preclearance matters

### FILE AND RESPOND TO SEC COMMENTS

#### Phase IV (Clearing SEC comments)

- Assist in resolving SEC comments
- Assist in drafting responses to SEC comments
- Assist in drafting amendments to registration statement to reflect SEC comment responses & material developments

### POST-IPO

#### Phase V (Building governance and compliance structures)

- Assist in developing governance and compliance practices
- Assist in drafting a SOX compliance program
- Assist in evaluating compensation and benefits changes and plans
- Assist in implementing new accounting standards applicable to the company

#### Phase VI (Filing periodic SEC reports)

- Assist in preparing periodic SEC reporting requirements (i.e., Form 10-K, Form 10-Q)
- Provide ongoing support in interpreting and analysing complex technical accounting matters

## OUR SPAC ASSISTANCE

Technical Accounting - SPAC Transaction	Financial Statements of Businesses Acquired (Rule 3-05)	Regulation S-X Compliant Financial Statements	SEC Comments
	Super 8-K Filing	Proxy Statement	Subsequent 1934 Act Assistance

### FOCUS AREAS FOR MERGER/ SPAC

#### ▶ Technical Accounting - SPAC Transaction

- Determining and documenting the accounting acquirer.
- Assistance with analysis and memorandum for technical documentation of transactions in accordance with the applicable accounting standards.
- Preparation of required journal entries, if requested
- Drafting requisite disclosures.

#### ▶ Financial Statement of Business Acquired (Rule- 3-05)

- Analysis and documentation of significance test under Rule 3-05 and 1-02(w), and acquisition accounting in accordance with the applicable accounting standard.
- Preparation of carve-out financial statements and related disclosures, including proforma disclosures for compliance with Regulation S-X requirements.

#### ▶ Regulation S-X Compliant Financial Statements

- Assistance with upgrading financial statements to those of a public company and Regulation S-X requirements
- Compliance with new accounting standards
- Assistance with documentation and analysis for the following, as needed:
  - Analysis or review of recent acquisitions, including the recent change in control
  - Analysis of the company operating segment(s) and/ or reporting units
  - Review cap table and current outstanding debt/ equity agreements to determine the appropriate classification
  - Drafting of technical memorandums for other complex areas of accounting:
    - Goodwill and intangible impairment
    - Equity-based compensation
    - VIE assessment
    - Other technical matters as they arise

#### ▶ SEC comments

- Assistance with resolving comments received from the SEC
- Assistance with drafting responses to address comments received from the SEC
- Assistance with drafting amendments to the proxy/ registration statement to reflect SEC comment responses and any material developments.

#### ▶ Super 8-K Filing

Assistance and review of 8-K filing requirements, including:

- Item 2.01 Completion of Acquisition or Disposition of Assets
- Item 5.01 Changes in Control of Registrant
- Item 5.06 Change in Shell Company Status
- Item 9.01 Financial Statements and Exhibits
- Item 4.01 Changes in Registrant's Certifying Accountant (if the company currently has a different auditor).

#### ▶ Proxy Statement

- Assistance with the preparation/ review of the proxy statement, including identification of disclosures gaps
- Preparation or review of MD&A and related pro-forma financial information as requested
- Determination of key technical accounting and financial reporting issues, including determination of the predecessor for historical financial statements, age and content requirements, and any other audit and review considerations
- Analysis and calculation of the company's actual and pro-forma EPS
- Resolve and address all other critical accounting matters.

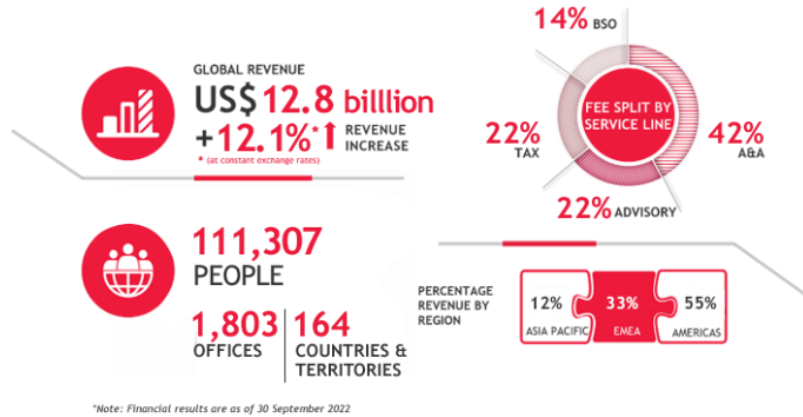
#### ▶ Subsequent 1934 Act Assistance

- Continuing assistance with subsequent filing requirements as needed.

## ABOUT US

### BDO Global

BDO is a leading professional services organisation and are global leaders of the mid-tier, with a presence in 160+ countries and over 111,300 people working out of more than 1,800 offices. We endeavor to deliver an exceptional client experience through a tailored solutions approach, while partnering with our employees and clients globally.



### BDO in India

BDO in India offers Assurance, Tax, Advisory, Business Services & Outsourcing and Digital Services for both domestic and international clients across industries. The team at BDO in India consists of over 7,500 professionals led by more than 270 partners and directors operating out of 18 offices, across 12 key cities.



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