

Fresh Start Accounting

MAXIMIZING VALUE THROUGH KNOWLEDGE™

Fresh start accounting is a general term used to describe the requirement of AICPA Statement of Position 90-7 (“SOP 90-7”). SOP 90-7 provides financial reporting guidance to entities that have entered bankruptcy and plan to emerge as going concerns under Chapter 11. Upon emergence, the reorganized entity must apply fresh start accounting.

Fresh start accounting requires that the reorganization value of an entity must be allocated in conformity with the rules and guidance of ASC 805. ASC 805 require the identifiable assets of the reorganized business to be valued at fair value, as defined and described by ASC 820.

Adams Capital understands you are busy enough during pre-emergence without having to worry about valuation issues. However, the opening balance sheet that results from fresh start accounting valuations will be critical to your business going forward. Please contact us today to discuss how we can help you.