

ACCOUNTING in the headlines

What were the intangible assets in Yahoo's purchase of Tumblr?

Yahoo purchased Tumblr, a blog-hosting website, in May 2013 for approximately \$990.2 million. The fair values of the net tangible assets and identifiable intangible assets acquired from Tumblr were as follows (in millions):

Cash	\$ 16.6
Other tangible assets	74.0
Identifiable intangible assets:	
Developed technology	23.7
Customer contracts	182.4
Trade name	<u>56.5</u>
Total fair value of assets acquired	\$ 353.2

Yahoo also assumed the liabilities of Tumblr, which totaled \$113.8 million. Subtracting the liabilities of \$113.8 million from the total fair value of identifiable assets acquired of \$353.2 million results in a net value of identifiable assets purchased of \$239.4 million.

Yahoo paid approximately \$990.2 million for Tumblr, yet the identifiable assets acquired in the deal totaled just \$239.4 million. The difference between the purchase price and the net value of the realizable assets acquired is \$750.8 million.

The 10-Q that Yahoo filed the quarter in which it acquired Tumblr can be found [here](#).

Questions

1. What amount of goodwill will Yahoo recognize from this transaction?
2. Which intangible assets in the purchase of Tumblr can be amortized by Yahoo?
3. Why would Yahoo be willing to pay \$750 million more than the value of Tumblr's identifiable assets?