

FASB PCC 13-01A Business Combinations

Date of Entry: 7/26/2013

Respondent information

Type of entity or individual:

Preparer

Contact information:

Organization: MMC Materials, Inc.

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Questions and responses

1a. Please indicate whether you primarily are a preparer, user, public accountant or, if other, please specify.

As CFO of MMC Materials, Inc., I am a preparer.

1b. If you are a preparer of financial statements, please indicate whether your entity is privately held or publicly held and describe your primary business and its size (in terms of annual revenue, the number of employees, or other relevant metric).

MMC Materials is a privately held entity.

1c. If you are a public accountant, please describe the size of your firm (in terms of number of partners or other relevant metric) and indicate whether your practice focuses primarily on public entities, private entities, or both.

NA

1d. If you are a user of financial statements, please indicate in what capacity (for example, lender, investor, analyst, or rating agency) and whether you primarily use financial statements of private entities or those of both private entities and public entities.

NA

2. Should any types of entities be excluded from the scope of this proposed Update? Should any types of transactions or accounts be excluded, or are there any other types of transactions or accounts that should be included in the scope?

No

3. Should the Board expand the scope of the accounting alternative to other entities, such as publicly traded companies or not-for-profit entities? If the scope is expanded to other entities, what changes, if any, should the Board consider for the recognition, measurement, and disclosure of identifiable intangible assets acquired in a business combination? If the scope is expanded to public companies or not-for-profit entities, should the accounting alternative continue to be elective?

I welcome this rule for private companies as it is stated, but I think it would be good for public companies as well.

4. Would the proposed amendments reduce overall costs and complexity compared with existing guidance? If not, please explain why.

Absolutely this would reduce costs and complexity.

5. Do you agree that the accounting alternative for the recognition and measurement of intangible assets acquired in a business combination would provide relevant and decision-useful information to users of private company financial statements? If not, what accounting alternative, if any, would provide more relevant information to users?

Yes

6. Do you agree that for contractual intangible assets, recognition and measurement should be limited to the noncancelable term of the contract? If so, do you agree with the proposed definition of a noncancelable contractual term? Do you agree that market participant expectations about the potential renewal or cancellation of the contract should not be factored into the measurement? Do you foresee any increase in cost and complexity, or other difficulties in applying this alternative recognition and measurement principle? If yes, would additional implementation guidance address those difficulties?

I agree with tying contractual intangible assets to the noncancelable term and with the definition of such. I have no strong opinion on whether market participant expectations should be factored in, but I can foresee examples where that considering those expectations would make sense. I do not foresee any increase in cost or complexity.

7. Do you agree that intangible assets arising from other legal rights should continue to be measured at fair value considering all market participant expectations, consistent with Topic 820? If not, what accounting alternative for measurement do you recommend?

Yes.

8. Do you agree that an entity should disclose the nature of identifiable intangible assets that are not recognized separately as a result of applying the amendments in this proposed Update? If not, please explain why.

Yes

9. For identifiable intangible assets that are recognized separately as a result of applying the amendments in this proposed Update, do you agree that the amendments should not require any other additional recurring disclosures and that entities should be required to comply with disclosure requirements in relevant Topics, as applicable (for example, Topic 350, Intangibles—Goodwill and Other, and Topic 805)? If not, what additional disclosures should be required and please explain why.

I agree

10. Do you agree that the proposed Update should be applied on a prospective basis?
Should retrospective application be permitted?

Yes, prospective.

11. When should the alternative accounting method be effective? Should early application
be permitted?

As soon as possible.

12. For preparers and auditors, how much effort would be needed to implement and audit
the proposed amendments?

Very little effort would be required to implement this prospectively.

13. For users, would the proposed amendments result in less relevant information in your
analyses of private companies?

NA

14. If an entity elects the accounting alternative in this proposed Update, should that entity
also be required to apply the PCC's proposed accounting alternative for the subsequent
measurement of goodwill (in Topic 350)? Alternatively, if an entity elects the accounting
alternative in Topic 350 for goodwill, should that entity also be required to adopt the
accounting alternative in this proposed Update? (No decisions have been reached by
the Board and the PCC about this question.)

Yes. If topic 350 is not adopted, then I would be indifferent to this proposal. Topic 350 is much
more important to me.

15. Do you agree with the Board's tentative decisions reached about the definition of a
public business entity? If not, please explain why.

I agree

Additional comments - updt. Please provide any additional comments on the proposed Update:

Additional comments - process. Please provide any comments on the electronic feedback process:
