



November 8, 2010

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Via Email to director@fasb.org

Audit - Tax - Advisory

Grant Thornton LLP
175 W Jackson Boulevard, 20th Floor
Chicago, IL 60604-2687

T 312.856.0200
F 312.565.4719

www.GrantThornton.com

Re: File Reference No. EITF100A

Dear Sir:

Grant Thornton LLP appreciates the opportunity to comment on Proposed Accounting Standards Update (ASU), *How the Carrying Amount of a Reporting Unit Should Be Calculated When Performing Step 1 of the Goodwill Impairment Test – a consensus of the FASB Emerging Issues Task Force*.

We support the Board's decision to clarify the method for calculating carrying amount of a reporting unit while performing Step 1 of the goodwill impairment test. However we believe that the Board should make additional modifications to the proposed amendments to *FASB Accounting Standards Codification*TM (ASC) 350, *Intangibles – Goodwill and Others: Goodwill*, to clarify certain aspects of that decision, as discussed further below.

Our responses to the questions for respondents follow.

1. Do you agree that the equity premise should be the only permissible methodology for Step 1 of the goodwill impairment test? If not, why not?

We support the adoption of the amendment to ASC 350-20-35-4, which would require the carrying amount of a reporting unit to be the difference between the total assets and total liabilities assigned to the reporting unit. In other words, if an asset or liability has been assigned to a reporting unit, the carrying amount of that asset or liability should be included in the carrying amount of the reporting unit used in the first step of the goodwill impairment test.

However, we think that using the terms “equity premise” and “enterprise premise” elsewhere in the document is a confusing use of valuation terminology to describe the carrying amount, which is not a fair value measurement. That use of that terminology could raise questions as to whether there should also be guidance on the equity premise implications for assigning assets and liabilities to a reporting unit and for determining the

fair value of the reporting unit. We think that the proposed amendment to ASC 350-20-35-4 would appropriately address the practice issues without introducing valuation terms to describe a measurement that is not fair value. We recommend eliminating the use of those terms in the final document.

- 2. Do you agree with the qualitative factors that have been provided for reporting units with zero or negative carrying amounts to consider in determining whether it is more likely than not that a goodwill impairment exists? If not, why not? Are there additional factors that also should be included?**

We agree with the qualitative factors included in ASC 350-20-35-30.

- 3. Do you need more guidance on how to determine if it is more likely than not that goodwill is impaired at transition? If so, please describe what may be helpful with that determination?**

We believe that the guidance provided is sufficient to determine whether Step 2 of the goodwill impairment is required at the transition for reporting units with zero or negative carrying value.

- 4. For reporting entities that have used an enterprise premise to calculate the carrying amount of a reporting entity for Step 1 of the goodwill impairment test, do you believe that applying the amendments in this proposed Update would result in different conclusions about the need to perform Step 2? If so, please describe such scenarios?**

We believe there could be different results to Step 1, assuming that:

- applying the enterprise premise means that capital debt assigned to a reporting unit is not considered in either the fair value or carrying amount of the reporting unit, and
- applying the equity method means that capital debt assigned to a reporting unit is considered in both the fair value and carrying amount of the reporting unit.

- 5. Do you agree with the proposed effective dates for public and non-public entities? Are they operational? If not, why not?**

We agree with the proposed effective dates for public and non-public entities included in the proposed ASU. We do not foresee any operational difficulties in applying the guidance.

Other comments

We believe that the scope described in Paragraph BC6 is incorrect. The proposed amendments would apply to all entities that have recognized goodwill, not only to entities that have previously applied an “enterprise premise” or had reporting units with zero or negative

carrying amounts. That is, entities that currently include all assets and liabilities assigned to a reporting unit to determine the reporting unit's carrying amount could not change to a different method of determining the reporting unit's carrying amount.

We would be pleased to discuss our comments with you. If you have any questions, please contact L. Charles Evans, Partner – Accounting Principles Consulting Group, at 832.476.3614 or Charles.Evans@gt.com.

Sincerely,

/s/ Grant Thornton LLP