

MINUTES



Financial Accounting
Standards Board

To: Board Members

From: Goodwill Impairment Assessments
Team (Gustafsson x388)

Subject: Minutes of the June 29, 2011
Boarding Meeting: Testing Goodwill for Impairment **Date:** June 29, 2011

cc: FASB: Bielstein, Lott, Proestakes, Stoklosa, Mechanick, C. Smith,
Brickman, Catalano, Couch, Gabriele, Sutay, FASB Intranet, McGarity,
Klimek. FASAC: Chookaszian, Posta, Guasp

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Testing Goodwill for Impairment; Comment Letter
Summary and Redeliberation Topics

Basis for Discussion: N/A

Length of Discussion: 10:40 a.m. to 12:10 p.m.

Attendance:

Board members present: Buck, Golden, Linsmeier, Schroeder, Seidman,
Siegel, Smith

Board members absent: None

Staff in charge of topic: Catalano

Other staff at Board table: Cosper, Couch (by phone), Gustafsson,
Mechanick, Proestakes

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss comment letter respondent input relating to the development of a final Accounting Standards Update addressing the testing of goodwill for impairment. The Board's technical plan calls for that document to be issued in the third quarter of 2011.

Summary of Decisions Reached:

The staff provided a comment letter summary from the April 2011 proposed Accounting Standards Update (Update), *Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment*.

The Board discussed and affirmed the following aspects of the Exposure Draft in light of the comments received:

- (a) The examples of events and circumstances to be assessed
- (b) The implementation guidance would not include illustrative examples
- (c) The scope would include both nonpublic entities and public entities
- (d) Additional disclosures about the use of the qualitative assessment would not be required
- (e) An entity may have the option to test goodwill for impairment using a qualitative assessment.

In connection with its decision reached in (a) above, the Board directed the staff to develop additional guidance for an entity having a reporting unit with a zero or negative carrying amount to take into consideration significant differences in the fair value of a reporting unit's assets and liabilities compared with their carrying amounts.

The Board decided not to expand the scope of the proposed Update to include the impairment testing of other indefinite-lived intangible assets. However, in response to concerns raised by preparers, the Board directed the staff to explore whether there is an approach that would allow an entity to maintain its current practice of carrying forward a prior year fair value calculation when testing an indefinite-lived intangible asset for impairment.

On the basis of concerns raised by some accounting firms about their ability to audit an entity's qualitative impairment assessment, the Board directed the staff to conduct workshops with accounting firms, preparers, and regulators to discuss implementation concerns and to clarify the Board's intent about how to assess relevant events and circumstances. The Board directed the staff to hold these

workshops in the near-term so that a final Update can be issued in the third quarter of 2011.

General Announcements: None