

## MINUTES



Financial Accounting  
Standards Board

**To:** Board Members

**From:** Testing Indefinite-lived Intangible  
Assets for Impairment Team  
(Ward x279)

**Subject:** Minutes of the November 2, 2011,  
Board Meeting      **Date:** November 4, 2011

**cc:** Sutay

*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 Indefinite-lived Intangible Assets for  
Impairment; Outreach, Research, and  
Discussion on Alternatives

**Basis for Discussion:** N/A

**Length of Discussion:** 09:00 a.m. – 10:05 a.m. EDT

**Attendance:**

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

Board members absent: None

Staff in charge of topic: Gupta

Other staff at Board table: Cosper, Proestakes, Mechanick, Catalano,  
Couch, and Ward

Outside participants: N/A

**Type of Document and Timing Based on the Technical Plan:**

The Board met to discuss issues relating to the development of a proposed Accounting Standards Update.

**Summary of Decisions Reached:**

The Board discussed how it might improve the current guidance for testing indefinite-lived intangible assets for impairment and reduce the costs incurred by preparers in association with these tests.

The Board decided to provide entities with the option of qualitatively assessing whether events or circumstances exist that indicate it is more likely than not that an indefinite-lived intangible asset is impaired. The term *more likely than not* refers to a likelihood that is more than 50 percent. If, after assessing the totality of relevant events and circumstances, an entity determines that it is *not* more likely than not that the indefinite-lived intangible asset is impaired, then performing the quantitative impairment test (comparing the fair value of the asset to its carrying amount as is currently required in Subtopic 350-30, Intangibles—Goodwill and Other—General Intangibles Other than Goodwill) would be unnecessary. However, if an entity concludes otherwise, then it would be required to perform the quantitative test. The Board also decided that additional disclosure requirements would not be necessary relating to the use of the optional qualitative assessment.

The Board decided to allow entities to apply the optional qualitative assessment for all indefinite-lived intangible assets, including those that involve significant contingencies such as in-process research and development assets. The Board plans to acknowledge in the proposed guidance the difficulties that may occur in performing a qualitative assessment to identify impairments of assets that are subject to significant contingencies.

The Board decided to exempt nonpublic entities from the quantitative disclosures about significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy required by paragraph 820-10-50-2(bbb) (as amended by Accounting Standards Update No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*) as they pertain to fair value measurements related to the financial accounting and reporting for indefinite-lived intangible assets after their initial recognition.

The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot with a public comment period of 120 days. The Board decided that the proposed amendments would be effective for annual and interim impairment tests performed for fiscal years beginning after June 15, 2012, and that early adoption would be permitted.

**General Announcements:** None.