#### Please note that the comments expressed herein are solely my personal views

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26 January 2012

- File Reference No. 2012-100
- Intangibles Goodwill and Other (Topic 350)
- Testing Indefinite-Lived Intangible Assets for Impairment

Dear Sir.

Thank you for giving us the opportunity to comment on your Exposure Draft: Intangibles – Goodwill and Other (Topic 350); Testing Indefinite-Lived Intangible Assets for Impairment.

#### Proposal

The proposed amendments in this update would allow an entity to first assess qualitative factors in order to determine whether it is more likely than not<sup>1</sup> that the fair value of an indefinite-lived intangible asset is less than its carrying amount (and is thus impaired), and therefore whether it is necessary to perform the quantitative impairment test currently required under Subtopic 350-30 on general intangibles other than goodwill. This option is very useful and will allow entities to streamline reporting processes and reduce costs and complexity. In practice entities will almost certainly need to perform a high level estimate of fair value in order to support the "more likely than not" conclusion. But this option is still helpful in this regard.

# Qualitative factors - events and circumstances

I agree that the proposed examples of events and circumstances to be assessed are sufficient and complete, and therefore adequate. For completeness I would only suggest that you should explicitly mention brand loyalty, suppliers and technological issues in point  $\underline{e}$  and possible tax related issues in point  $\underline{a}$ .

<sup>&</sup>lt;sup>1</sup> Defined as having a likelihood of more than 50%.

### Answers to other specific questions raised by the FASB

#### **Question 1:**

I have worked as preparer and user of financial statements, and I have also carried out ad hoc internal auditing for various entities. My primary business is financial and other services.

## Question 2:

The proposed amendments will reduce overall costs and complexity compared with existing guidance, especially during times of financial and market stability.

### Question 5:

The optional qualitative approach for evaluating indefinite-lived intangible assets for impairment will not necessarily affect the timing of the recognition of impairment losses. However, given that the "more likely than not" assessment is defined as having a likelihood of (only) more than 50%, there is the possibility that the quantitative assessment is not performed when the fair value is actually less than its carrying amount.

#### Question 6:

Please see my comments above.

#### **Question 8:**

I agree with the proposed effective date provisions, including early adoption. There should be no implementation problems here given the narrow scope of the proposed amendments to Topic 350.

Yours faithfully

C.R.B.

Chris Barnard