



April 24, 2012

Via email to director@fasb.org

Technical Director  
File Reference No. 2012-100  
Financial Accounting Standards Board  
407 Merritt 7  
PO Box 5116  
Norwalk, Connecticut 06856-5116

**Re: *Proposed Accounting Standards Update, Intangibles-Goodwill and Other (Topic 350), Testing Indefinite-Lived Intangibles for Impairment***

Dear Technical Director:

SRR is pleased to submit the following comments to the FASB related to the proposed accounting standards update, *Testing Indefinite-Lived Intangibles for Impairment*. SRR is a financial advisory firm with nearly 200 professionals that specialize in Investment Banking, Valuations & Financial Opinions, and Dispute Advisory and Forensic Services. We are relied upon by reporting entities, auditors, and users of financial statements to assist in the preparation of valuations for financial reporting purposes, including purchase price allocations, goodwill impairment analyses, and the valuation of long-lived assets such as trade names and trademarks, franchise agreements, and Federal Communications Commission (“FCC”) license agreements. We prepare valuation analyses for both public and nonpublic entities.

Overall, we support the use of a qualitative assessment in the determination of potential impairment of long-lived assets. The addition of the qualitative assessment is consistent with the recent procedures implemented for goodwill impairment and will provide those entities with significant “cushion” on certain assets the opportunity to reduce the time and costs associated with a full fair value analysis.

Our comments on specific questions, outlined below, are minor, which is a testament to the quality and thoroughness of the document.

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**Question #2: Do you agree that the examples of events and circumstances in paragraph 350-20-35-3(a) through (e) are helpful in assessing whether significant inputs to the fair value measurement have changed significantly to indicate that it is more likely than not that an indefinite-lived asset is impaired? If not, what additional examples of events and circumstances do you suggest?**

We agree that paragraph 350-20-35-3(a) through (e) provide a good starting point for proposed examples when conducting a qualitative assessment. However, we believe that in addition to these examples, more asset specific factors should be considered, as the broader measurements outlined for the goodwill impairment analysis (and the overall business) may not be directly applicable to the intangible assets. For example, shifts in value between various assets may result in an individual asset being impaired while the overall business increases in value.

***Other Recommendations***

Paragraph 350-30-35-18C notes that “If an entity has made a recent fair value calculation for an indefinite-lived intangible asset, it also should include a factor in its consideration for the difference between that fair value and the current carrying amount in reaching its conclusion about whether it is



Technical Director  
Financial Accounting Standards Board  
April 24, 2012  
Page 2

more likely than not that the indefinite-lived intangible asset is impaired.” While we agree that any “recent” fair value calculation should be considered as a basis from which to draw a comparison, we recommend providing additional guidance on the amount of “cushion” that must be implied in order to reach a more likely than not conclusion. We also recommend that the Board clarify whether there needs to be a “cushion” in order to perform the qualitative test. For example, if an asset’s previous fair value calculation resulted in a 10%, 20% or even 30% cushion, is that sufficient to allow a qualitative test (assuming all relative factors point in the right direction). While we understand that there are unique circumstances, it may be helpful to provide some additional guidance on the Board’s view as to the magnitude of the “cushion” to help avoid some level of subjectivity and divergence in practice.

\* \* \* \* \*

Please feel free to contact Kimberly M. Randolph, ASA at (703) 848-4952 or [krandolph@srr.com](mailto:krandolph@srr.com) with any questions or comments. We appreciate the opportunity to provide feedback and look forward to reviewing the final standard.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stout Risius Ross, Inc.', written in a cursive style.

Stout Risius Ross, Inc.