



April 26, 2012

Ms. Susan Cospers
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. 2012-100

Dear Ms. Cospers:

Grant Thornton LLP appreciates the opportunity to comment on the proposed Accounting Standards Update (ASU), *Testing Indefinite-Lived Intangible Assets for Impairment*.

We support the Board's efforts to reduce the cost and complexity of performing an impairment test for indefinite-lived intangible assets other than goodwill and to improve consistency in impairment testing guidance among long-lived asset categories. We expressed a number of concerns about a qualitative assessment option in our comments on the guidance ultimately issued in ASU 2011-08, *Testing Goodwill for Impairment*, and are uncertain whether there has been sufficient use of that option to fully evaluate its effectiveness in reducing financial reporting cost and complexity. However, now that entities have the option to qualitatively assess goodwill to determine whether the two-step goodwill impairment test is necessary, we are supportive of the Board permitting entities to qualitatively assess other indefinite-lived intangible assets for impairment to improve consistency in U.S. GAAP.

Our views are further expressed in our responses to the questions for respondents that follow.

Question 1: Please describe the entity or individual responding to this request.

Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd, one of the world's leading organizations of independently owned and managed accounting and consulting firms. These firms provide audit, tax, and advisory services to public and private clients around the world. Grant Thornton LLP primarily serves clients that issue financial statements prepared in accordance with U.S. GAAP.

Grant Thornton LLP operates in 50 offices in the United States, employs approximately 5,000 people, and generates annual revenue in excess of \$1 billion. The member firms of Grant Thornton International Ltd operate in more than 100 countries, employ approximately 30,000 people, and generate combined annual revenue of approximately \$4 billion.

Question 4: Do you believe that the proposed amendments will reduce overall costs and complexity compared with existing guidance? If not, please explain why. Does your response differ based on whether the entity is public or nonpublic?

Although we are uncertain whether the guidance in ASU 2011-08, which permits a similar qualitative assessment option, has reduced the cost and complexity associated with evaluating goodwill for impairment, we believe that the proposed amendments would incrementally reduce overall costs and complexity compared to existing guidance. In our view, improving consistency among the various areas of long-lived asset impairment guidance in U.S. GAAP will reduce overall costs and complexity. We believe that these benefits would exist for both public and nonpublic entities.

Question 6: 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 intangible asset is impaired? If not, what additional examples of events and circumstances do you suggest?

We believe that the examples of events and circumstances in ASC 350-20-35-3 are sufficient for qualitatively assessing whether it is more likely than not that an indefinite-lived intangible asset is impaired.

Question 7: Do you agree that nonpublic entities should be exempt from disclosing quantitative information about significant observable inputs used in measuring the fair value of an indefinite-lived intangible asset as required in 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? If not, please explain why.

We agree, although we question why the exemption is not extended to public entities. In ASU 2011-08, the Board determined that, because financial statement users typically exclude impairment losses from their analyses, it was not worthwhile to require preparers to disclose quantitative information about assumptions used to calculate an impairment loss. In our view, the same rationale applies to impairment losses on other indefinite-lived intangible assets, and we believe that both public and nonpublic entities should be exempt from the disclosure requirement in ASC 820-10-50-2(bbb) as it relates to impairment losses on all indefinite-lived intangible assets.

Question 8: Do you agree with the proposed effective date provisions? If not, please explain why.

We agree with the proposed effective date provisions.

Other items

Although this was not a focus of the current project, we believe the proposed amendments provide an opportunity to clarify existing guidance about when to perform an interim impairment test for indefinite-lived intangible assets other than goodwill. Currently, the guidance indicates that an interim test must be performed "... if events or changes in circumstances indicate that the asset might be impaired." We noted that, in paragraph BC11 of the proposed ASU, the Board indicated that an interim test must be performed if an entity determines that "... any significant changes in events or circumstances have occurred during the intervening period that indicate that it is more likely than not that the indefinite-lived intangible asset is impaired." In our view, the current guidance could be clarified as follows:

350-30-35-18 An intangible asset that is not subject to amortization shall be tested for impairment annually, and more frequently if events or changes in circumstances indicate that ~~the asset might be impaired~~ it is more likely than not that the asset is impaired.

In addition, we suggest the following edit to the proposed guidance:

350-30-35-18 [...] ~~For an intangible asset that is not subject to amortization for impairment,~~ An entity may first assess qualitative factors ~~perform a qualitative assessment,~~ as described in paragraphs 350-30-35-18A through 35-18F, to determine whether it is necessary to calculate the fair value of an indefinite-lived intangible asset. An entity has an unconditional option to bypass that qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the impairment test as described in paragraph 350-30-35-19. An entity may resume performing the qualitative assessment in any subsequent period.

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@us.gt.com.

Sincerely,

/s/ Grant Thornton LLP