

July 15, 2013

Technical Director
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Via e-mail: director@fasb.org

File Reference No. PCC-13-01A

Re: Proposed Accounting Standards Update – Business Combinations (Topic 805)
Accounting for Identifiable Intangible Assets in a Business Combination

Dear Board Members:

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced Accounting Standards Update, including the fifteen questions posed in the “Questions for Respondents”. We believe this exposure draft is interdependent with the Proposed Accounting Standards Update – Intangibles – Goodwill and Other (Topic 350) *Accounting for Goodwill* and therefore our responses should be taken in consideration with our responses to that exposure draft. The Committee has the following comments related to the questions numbered below:

1. The FICPA has approximately 18,500 members, with its membership comprised primarily of CPAs in Public Practice and Industry. The Committee is comprised of 20 members, of whom 50% are from local or regional firms, 20% are from large multi-office firms, 10% are sole practitioners, 10% are in academia or private industry, and 10% are in international firms. Therefore we are addressing this exposure draft both from the viewpoint of preparers of financial statements as well as those performing attest services on them.
2. The Committee believes no other types of entities should be excluded from the scope of this proposed Update other than those already provided for within it. No other types of transactions or accounts should be either included in or excluded from the scope of this proposed Update.
3. As the primary intent of this Update is to provide relief to smaller entities from the complexities and cost associated with complying with the current standard, we believe the scope of the accounting alternative should be expanded to not-for-profit entities, as well as small-cap public companies, many of which could benefit from this Update. However, in the interest of consistency across all entities applying US GAAP, the

Committee feels the changes to this proposed Update should be considered for all entities. No other changes would need to be considered. The accounting alternative should continue to be elective.

4. The Committee believes the overall costs and complexities for some entities electing the proposed alternative would be reduced; how much, would be dependent upon each entity's activities/transactions as well as the nature of the assets involved. In some instances, e.g. where the transaction or assets giving value are less complex or easily identifiable/measurable, there could be minimal to no savings.
5. We agree that the accounting alternative would still provide relevant and decision-useful information users of these entities financial statements. Similar to what the Private Company Council stated in paragraph BC8, members of the Committee are aware of financial statement users who disregard certain currently-identified intangible assets (and/or treat such assets no differently than goodwill) in their analyses of private company financial condition and performance.
6. The Committee agrees that for contractual intangible assets, recognition and measurement should be limited to the noncancelable term of the contract, and also agreed with the proposed definition. We therefore agree that any market participant expectation regarding renewals or cancelations should not be factored into the measurement. The Committee does not foresee any increase in cost and complexity or other difficulties in applying this alternative accounting.
7. Intangible assets arising from other legal rights should continue to be measured at fair value, in accordance with Topic 820.
8. Yes, the Committee agrees that the entity should disclose the nature of identifiable intangible assets not recognized separately as this could provide useful information to third-party users of the financial statements.
9. Yes, the Committee agrees that no additional disclosures are needed as the disclosures required in other relevant topics are adequate.
10. While we agree that the proposed update should be applied on a prospective basis (simplification being the objective here), the Committee believes retrospective application should be permitted as an elective alternative.
11. In the view of the Committee, the alternative accounting method should be effective as soon as is practical; i.e., for fiscal years ending after December 15, 2014, with early application permitted.
12. As to preparers and auditors, little additional effort would be needed to implement and audit the proposed amendments.

13. No response.

14. Should an entity elect to implement this accounting alternative, it should also be required to implement the proposed alternative for Goodwill. The reverse would apply as well. The Committee believes such alternatives relate to interdependent transactions and therefore should not be accounted for differently.

15. While the Committee agrees with the definition of a public business entity, we believe the measure used to determine the scope of this proposed standard should not be whether an entity is public or not (or not-for-profit or not), but rather should be dependent on size or market cap. See our response to question 3 above.

The Committee appreciates this opportunity to respond to this Proposed Accounting Standards Update. Members of the Committee are available to discuss any questions you may have regarding this communication.

Respectfully submitted,

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Chair, FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:
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