

MINUTES



MEMORANDUM

To: FASB Board Members

From: FASB Staff

Subject: March 26, 2014 Board Meeting—
Accounting for Goodwill for Public
Business Entities and Not-For-
Profits

Date: April 1, 2014

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: Accounting for Goodwill for Public Business
Entities and Not-For-Profits

Basis for Discussion: FASB Memorandum Nos. 3A and 4A

Length of Discussion: 2:45 p.m. to 3:30 p.m. EST

Attendance:

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

Board members absent: None

Staff in charge of topic: Hillenmeyer

Other staff at Board table: Cospser, Mechanick, Walsh, Bossio, Cheng, A.
Smith, C. Smith, and McMillen

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to further discuss the potential model for subsequent measurement of goodwill for public business entities and not-for-profits.

Tentative Board Decisions:

The Board continued its discussion of how a public business entity and not-for-profit entity would account for goodwill after a business combination. The Board is considering the following alternatives:

1. Amortize goodwill over 10 years or less than 10 years if an entity demonstrates that another useful life is more appropriate. An entity would make an accounting policy election to test goodwill for impairment at the entity level or at the reporting unit level. It would test goodwill for impairment only when a triggering event occurs. An impairment loss would be measured as the difference between the carrying value of the entity and its fair value (if goodwill is tested for impairment at the entity level) or the carrying value of the reporting unit and its fair value (if goodwill is tested for impairment at the reporting unit level). This alternative is consistent with the alternative available for private companies.
2. Amortize goodwill with impairment tests over its useful life, not to exceed a maximum number of years.
3. The direct writeoff of goodwill at the acquisition date.
4. A nonamortization approach that uses a simplified impairment test.

The staff updated the Board on the outcome of additional research and outreach conducted on the direct writeoff approach and the simplified impairment test, undertaken after the February 12, 2014 Board meeting.

The Board made no decisions at this meeting. It deferred any further discussion until after the IASB has completed and issued findings on its post-implementation review of IFRS 3, *Business Combinations* (expected later in 2014).

General Announcements: None.