

# Goodwill and Intangibles for Public Business Entities and Not-for-Profit Entities

## PCC Update

December 2014

# Goodwill Alternatives

- View A: PCC model
- View B: Amortize goodwill over its expected useful life, not to exceed a specified number of years, with impairment tests upon the occurrence of triggering events
- View C: Direct write off
- View D: Simplified impairment test without amortization

# Project Status (as of November 5, 2014)

- Discussed outreach and research on the subsequent measurement of goodwill, including:
  - IASB's Post-Implementation Review (PIR) of IFRS 3, *Business Combinations*
  - Results of a study on the use of the qualitative assessment introduced in Update 2011-08, *Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment*
- Added a separate project to the Board's agenda – Accounting for Identifiable Intangible Assets in a Business Combination for Public Business Entities and Not-for-Profit Entities
  - Will evaluate whether certain intangible assets should be subsumed into goodwill, with a focus on customer relationships and noncompete agreements

# Next Steps

- Additional research will focus on:
  - Amortizing goodwill, with a focus on the most appropriate useful life if goodwill were amortized
  - Simplifying the impairment test
  
- The staff will consider:
  - Implications of potentially subsuming intangible assets into goodwill and its affect on the useful life of goodwill
  - IASB activities on goodwill and intangible assets in response to its PIR on IFRS 3