

August 23, 2013

To: Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, Connecticut 06856-5116

Via Email: director@fasb.org

From: Tim Chatting

Re: File Reference No. PCC-13-01B

Thank you for the opportunity to comment on Proposed Accounting Standards Update – *Intangibles – Goodwill and Other (Topic 350): Accounting for Goodwill (a proposal of the Private Company Council)*. The views provided in this comment letter are my own and do not necessarily represent those of my employer.

The proposed alternative is a practical approach to accounting for goodwill that should be considered for public companies as well. Responses to selected questions are provided below.

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

Response to Question 1: I am a preparer of financial statements for a publicly held company in the technology industry with annual revenue of approximately \$4 billion.

Question 3: Should the Board consider expanding the scope of the accounting alternative to other entities, such as publicly traded companies or not-for-profit entities? If the scope is expanded to other entities, what changes, if any, should the Board consider to the accounting alternative for the subsequent measurement of goodwill? If the scope is expanded to public companies or not-for-profit entities, should the accounting alternative continue to be elective?

Response to Question 3: Yes, the Board should consider expanding the scope of the accounting alternative to publicly traded companies as I believe many users of public company financial statements factor out goodwill and goodwill impairment losses in their analysis of financial condition and operating performance. In this regard, some public companies provide Non-GAAP results or other MD&A disclosures in quarterly filings to normalize financial results for the effects of business combination accounting. In addition, I believe concerns over the recurring cost and complexity of the current goodwill impairment test are shared by both private and public companies. In my view, the accounting alternative should continue to be elective if public companies were to be included in the scope of the amended guidance.

Question 4: Would the proposed amendments reduce overall costs and complexity compared with existing guidance? If not, please explain why.

Response to Question 4: I believe moving to a trigger-based impairment test and the elimination of the step two hypothetical purchase price allocation would reduce costs and complexity. Furthermore, the assignment and allocation of assets and liabilities to a reporting unit under existing guidance may be different than the way a company's management assesses its business and, therefore, results in additional workload. Testing at the entity-wide level would help reduce cost and complexity concerns in this regard.

Question 7: Do you agree that goodwill accounted for under this alternative should be tested for impairment at the entity-wide level?

Response to Question 7: In addition to reducing cost and complexity, testing at the entity-wide level could possibly increase comparability for users of financial information since there are organizational differences in the way companies are structured as well as differences in how acquisitions are integrated into existing operating segments or reporting units.

Question 8: Do you agree that goodwill accounted for under this alternative should be tested for impairment only upon the occurrence of a triggering event that would indicate that the fair value of the entity may be below its carrying amount? If not, when should goodwill be tested for impairment? Should there be an annual requirement to test goodwill?

Response to Question 8: I believe that goodwill being amortized should be tested for impairment only upon the occurrence of a triggering event rather than required on an annual basis.

Question 10: Do you agree with the alternative one-step method of calculating goodwill impairment loss as the excess of the carrying amount of the entity over its fair value? Why or why not?

Response to Question 10: Yes, although this measurement is less precise than the step two hypothetical purchase price allocation, the alternative one-step method is more easily understood and more cost beneficial than the current goodwill impairment model in my view.

Question 13: Do you agree that goodwill existing as of the effective date should be amortized on a straight-line basis prospectively over its remaining useful life not to exceed 10 years (as determined on the basis of the useful life of the primary asset of the reporting unit to which goodwill is assigned) or 10 years if the remaining useful life cannot be reliably estimated? Why or why not?

Response to Question 13: I agree that goodwill existing as of the effective date should be amortized on a straight-line basis prospectively over its remaining useful life as determined on the basis of the useful life of the primary asset of the reporting unit to which goodwill is assigned. However, I do not understand why the amortization period would be restricted to 10 years in situations where the useful life of the primary asset supports a period greater than 10 years. I do agree that 10 years is a reasonable amortization period if the remaining useful life cannot be reliably estimated as of the effective date.

Question 14: When should the alternative accounting method be effective? Should early application be permitted?

Response to Question 14: If the accounting alternative is entirely elective in a manner similar to the step zero qualitative impairment assessment under current guidance, then the accounting standards update could be effective immediately. On the other hand, if the accounting alternative is considered an accounting policy election that must be adopted and applied consistently until or unless a method that is preferable is selected later (if expanded to public companies for example), then companies may need some time to consider the two models for their particular circumstances prior to the effective date. Early application should be permitted.

Regards,

Tim Chatting, CPA