

Question Text	Response	Status
* Please select the type of entity or individual responding to this feedback form.	Preparer	Completed
Other, please specify (Specified)		
* Please provide contact information for any follow-up questions.	(Filled in as Follows:)	Completed
Organization *	Ford Motor Company	
First name *	Susan	
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Do you agree that to be a business a set of assets and activities must include, at a minimum, an input and a substantive process that together contribute to the ability to create outputs? If not, what other alternatives would you suggest?	Yes. This definition provides a reasonable framework to help determine whether a transaction should be accounted for as an acquisition of assets or a business combination and will reduce the possibility that transactions that are, in substance, asset acquisitions are characterized as business combinations.	Completed
Paragraphs 805-10-55-5A through 55-5D provide guidance on determining whether a set contains an input and a substantive process that together contribute to the ability to create outputs. Are	Yes. The criteria are appropriate and would be operable in practice. However, we would like to see some minor clarification: The proposed Update defines "output" in subparagraph 805-10-55-4(c) as "the result of inputs and processes applied to those inputs that provide goods or services to customers, other revenues, or investment income, such as dividends or interest." However, paragraph 805-10-55-5B states "when the set has outputs (that is, there is a continuation of revenue before and after the transaction) . . . "This could be interpreted that an output is only a continuation of revenue	Completed

<p>the criteria appropriate, and would they be operable in practice? If not, why?</p>	<p>and not also investment income as included in the definition in subparagraph 805-10-55-4(c). We suggest aligning the words in either paragraphs 805-10-55-5B or 805-10-55-4(c) or, if they are meant to be different, offering a clarification that describes the purpose of the distinction</p> <p>This difference also raises a more general question about the Board’s intent for the definition of an output, as defined in subparagraph 805-10-55-4(c). Is an output a good or service from the perspective of a customer or is it a good or service from the perspective of a producer? Adding clarity to this language might help a potential reader interpret the standard as it was intended by the Board.</p> <p>In addition, we are unclear what the intention is to distinguish between an acquired process (or group of processes) that cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs in subparagraph 805-10-55-5B (b) from one that is considered unique or scarce in subparagraph 805-10-55-5B(c) Our reading is that these two sets of criteria are very similar. Adding an example of each such process to the Illustrations of a Definition of a Business section would be helpful.</p>	
<p>Would the proposed guidance be operable without the criteria in paragraphs 805-10-55-5A through 55-5D? Why or why not?</p>	<p>No. Without the criteria in these paragraphs, the proposed guidance would likely lead to broad interpretations of the standard. These criteria sufficiently narrow the guidance to provide a reasonable framework for application.</p>	<p>Completed</p>
<p>Paragraph 805-10-55-9 provides that the presence of more than an insignificant amount of goodwill may be an indicator that an acquired process is substantive. Do you think this indicator is appropriate and operable? Why or why not?</p>	<p>While we do think the indicator is appropriate and operable, we suggest considering a modification to the language to soften the phrasing. We think that by including the presence of goodwill as an indicator that an acquired process is substantive, it could imply that the presence of goodwill is a hurdle that needs to be overcome. We can foresee an instance in which an acquirer pays “goodwill” when acquiring an asset group and where there may not necessarily be a substantive process (e.g., asset acquisition results in synergies with an acquirer’s existing business and perhaps not valued as an intangible asset by a market participant). We suggest the final sentence in that paragraph could be replaced with the following: However neither the presence nor the absence of goodwill is in and of itself a determinative factor.</p>	<p>Completed</p>
<p>Do you agree with the changes proposed to the</p>	<p>Yes. The changes sufficiently narrow the definition of outputs that should result in a more consistent application of the guidance.</p>	<p>Completed</p>

<p>definition of outputs? That is, do you agree that for purposes of evaluating whether a transferred set is a business, outputs should be focused on goods and services provided to customers? If not, why?</p>		
<p>Paragraphs 805-10-55-9A through 55-9C specify that if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset, the set is not a business. Is it appropriate to include such a threshold, and would it be operable? If not, why?</p>	<p>Yes, it is appropriate to apply such a threshold; however, additional clarity may be required to make the threshold operable, particularly as it relates to purchases of financial entities. For example, could the purchase of a financial services entity that originates, services, and funds small balance homogeneous finance receivables be considered the purchase of assets instead of a business? In such a situation, substantially all the fair value of the gross assets acquired could be concentrated in similar identifiable assets and, as a result, the set might not be considered a business even though the origination, servicing, and funding activity represents substantive processes that are indicative of a business. Additional clarity on this point would be welcome to ensure we properly understand the Board’s intent.</p>	<p>Completed</p>
<p>The threshold in paragraph 805-10-55-9A also applies to a group of similar identifiable assets. Would the identification of a group of similar identifiable assets be operable? If not, why?</p>	<p>In general, yes the proposed amendments provide sufficient clarity to allow practitioners to apply the guidance. However, as noted in our response to Question 6, we believe further clarification could reduce interpretation issues that arise with the purchase of a financial entity.</p>	<p>Completed</p>
<p>Will the proposed guidance reduce the cost and complexity of applying the definition of a business? Why or why not?</p>	<p>The additional clarity provided in the proposed guidance should reduce ambiguity in the definition of a business which will lead to more certainty when concluding whether an acquisition should be accounted for as an asset acquisition or as a business combination.</p>	<p>Completed</p>

<p>How much time would be necessary to adopt the amendments in this proposed Update? Should early adoption be permitted? Would the amount of time needed to apply the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities?</p>	<p>We do not anticipate requiring additional time to adopt the amendments in this Update because the Update serves as a clarification rather than an imposition of new requirements. Early adoption should be permitted.</p>	<p>Completed</p>
<p>Do you agree that the amendments in this proposed Update should be applied prospectively to any transaction that occurs on or after the date of adoption, and do you agree that there should be no explicit transition disclosure requirements? Why or why not?</p>	<p>We agree that the amendments in this proposed Update should be applied prospectively. We do not believe a retrospective application would provide any useful information, and would impose undue burden and significant costs for the preparer. Similarly, transition disclosure requirements for retrospective application could be onerous with little benefit to the users of the financial statements.</p>	<p>Completed</p>
<p>Do the examples in paragraphs 805-10-55-51 through 55-88 clearly illustrate the application of the proposed guidance? Why or why not?</p>	<p>Yes. The examples provide a diversity of situations that effectively illustrate the application of the proposed guidance. As noted in our response to Question 2 above, adding an example of each process described in 805-10-55-5B to the Illustrations of a Definition of a Business section would be helpful.</p>	<p>Completed</p>
<p>Do the changes to the Master Glossary create any unintended consequences?</p>	<p>We do not foresee any unintended consequences.</p>	<p>Completed</p>
<p>Please provide any additional comments on the proposed Update:</p>		<p>Completed</p>

<p>Please provide any comments on the electronic feedback process:</p>		<p>Completed</p>
<p>Below is a printable summary of your responses to the questions in this feedback form.</p> <p>You can revise your responses by clicking the "Back" button.</p> <p>All comments received constitute part of the FASB's public file. The FASB will make all comments publicly available by posting them to the Online Comment Letters portion of its website.</p> <p>If you are finished providing comments, click the 'Submit' button at the bottom of this page.</p>	<p>Not Answered</p>	<p>Not Answered</p>