

MINUTES



MEMORANDUM

To: Board Members

From: Accounting for Goodwill Impairment
Project Team (Engmann x205)

Subject: Minutes of the November 30, 2016
Board Meeting

Date: December 9, 2016

cc: Stacey Sutay (x270)

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 Impairment

Basis for Discussion: FASB Memo No. 13

Length of Discussion: 11:00 a.m. to 11:35 a.m. EST

Attendance:

Board members present: Golden, Kroeker, Buck, Botosan, Schroeder, Siegel, and Smith (by phone)

Board members absent: None

Staff in charge of topic: Creps

Other staff at Board table: Cosper, Proestakes, Yepes, and Engmann

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues on the development of a final Accounting Standards Update addressing the accounting for goodwill impairment.

The final Update is expected to be issued in January 2017.

Tentative Board Decisions:

Accounting for Goodwill Impairment

The Board continued its redeliberations of the proposed Accounting Standards Update *Intangibles—Goodwill and Other (Topic 350) Simplifying the Accounting for Goodwill Impairment*, and discussed transition issues, various private company issues, the effective date for entities other than public business entities, and costs and benefits. The Board made the following decisions.

Transition

The Board reaffirmed its decision to require the transition disclosures described in paragraphs 250-10-50-1(a) and 250-10-50-2.

(Vote: 7–0)

The Board clarified that an entity will be able to adopt the guidance regardless of whether it evaluates goodwill for impairment using the quantitative assessment in the period of adoption.

(Vote: 7–0)

Private Company Issues

The Board decided to incorporate the guidance on impairment charges when goodwill is tax deductible into the private company accounting alternative.

(Vote: 7–0)

The Board decided that private companies that switch from the private company accounting alternative should apply the forthcoming guidance prospectively on or before the effective date.

(Vote: 6–1)

The Board decided that private companies that switch from the private company accounting alternative to the forthcoming guidance on or before the effective date would not need to justify preferability for the accounting change.

(Vote: 7–0)

Effective Date for Entities Other than Public Business Entities

The Board decided that entities other than public business entities should apply the new guidance for annual and any interim impairment tests for periods beginning after December 15, 2021, with early adoption allowed.

(Vote: 6–1)

Costs and Benefits

The Board concluded that it has received sufficient information and analysis to make an informed decision on the expected costs of the changes and that the benefits of the amendments justify the costs.

(Vote: 4–3)

Permission to Ballot

The Board directed the staff to draft an Accounting Standards Update for vote by written ballot.

General Announcements: None.