FEEDBACK STATEMENT

Responses to the Discussion Paper

'Should Goodwill still not be Amortised?

Accounting and Disclosure for Goodwill'

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Introduction

In July 2014 EFRAG and the Standard Setters of Italy (OIC) and Japan (ASBJ), issued a Discussion Paper, authored by a Research Group, on the accounting and disclosure for Goodwill: *Should Goodwill still not be Amortised.* Comments were requested by 30 November 2014.

EFRAG, OIC and the ASBJ are now issuing a feedback statement which describes the main comments received.

Why was this Discussion Paper written?

In 2013, the International Accounting Standards Board (IASB) embarked on a post implementation review (PIR) on IFRS 3 *Business Combinations* and it has become apparent that there is a common view in Europe, Japan and other areas, that accounting and disclosure requirements regarding goodwill merit further consideration.

Considering this, EFRAG, OIC and the ASBJ formed a Research Group to carry out the research on this area. As a first step, the Research Group performed a survey to seek for views on the usefulness of information resulting from the impairment-only approach, as well as challenges relating to preparing and auditing the resulting information. As a result, the Research Group learnt that many constituents questioned the usefulness of the information resulting from the impairment-only approach. It also found that preparers and auditors are concerned about the cost and subjectivity of the impairment testing in accordance with IAS 36 *Impairment of Assets* and whether impairment losses are recognised in a timely manner.

Based on the findings, the Research Group explored possible approaches to remedy the shortcomings. EFRAG, OIC and the ASBJ decided to publish this research outcome in a form of the Discussion Paper (DP). Its objective was to stimulate and progress the debate on this important subject, before the IASB formally considers a standard-setting initiative. The views presented in the DP were those of the Research Group only.

Responses from constituents

Twenty-nine comment letters were received in response to the DP. A list of respondents is in the Appendix to this feedback statement. All comment letters received are available on the website of the Accounting Standard Board of Japan (ASBJ) and European Financial Reporting Advisory Group (EFRAG).

Purpose and use of this feedback statement

This feedback statement has been prepared as a formal record of the responses received. It will be used by the ASBJ, EFRAG and OIC as input for any future work on the accounting and disclosures of goodwill. It summarises the messages received from constituents and notes any key themes identified.

This feedback statement should be read in conjunction with the DP, which is available on the ASBJ, EFRAG and OIC's website.

Summary of the responses received

Reintroduction of goodwill amortisation

Most respondents agreed with the main conclusion of the DP that the impairment-only model for acquired goodwill did not provide the most appropriate solution for subsequent measurement of goodwill. These respondents agreed with the preliminary views of the Research Group that **amortisation of goodwill should be reintroduced**, but also pointed out that there are areas for improvement in the impairment testing. In commenting on this matter, they referred to various reasons including the fact that amortisation would reasonably reflect the consumption of the economic resources acquired in the business combination and allocate the costs of acquired goodwill to the periods it was consumed.

Nonetheless, these respondents provided mixed views on whether the IASB should indicate a maximum amortisation period. Some respondents acknowledged the subjectivity and high level of judgement in determining the useful life of goodwill. However, they believed that the level of subjectivity and judgement was not higher than that in the impairment test. In general, respondents who supported the amortisation of goodwill considered that the IASB should develop guidance to help preparers determining the useful life of the acquired goodwill.

In contrast, a minority of respondents, mostly users, were supportive of the current impairment-only approach. These respondents explained that the amortisation model was fairly meaningless and it would not be beneficial to users of financial statements.

Improvements to the guidance and disclosures in IAS 36

Many respondents considered that the impairment-only approach was a challenge in practice and that there was room to improve the guidance in IAS 36. These respondents identified a number of difficulties related to the current approach and provided some suggestions on what should be improved.

When questioned about whether there was a need to improve disclosure requirements on impairment tests, respondents provided mixed views. Some considered that there was room for improvement, while others did not. Nonetheless, respondents emphasised that any additional disclosure requirements should be considered in the context of overall amount of disclosure requirements, which are already considered extensive.

In addition, many respondents highlighted that the relevance of impairment testing for goodwill, and consequently the need for improved guidance and disclosures, would significantly decrease if the IASB reintroduced amortisation.

Amortisation and separate recognition of intangible assets from goodwill

Many respondents considered that, if the IASB reintroduced amortisation of acquired goodwill, it should require the same for virtually all intangible assets (including those with indefinite useful lives). They also suggested that the IASB reconsider the requirement to recognise separately intangible assets in business combinations, especially when the IASB decides to reintroduce the requirement regarding amortisation of acquired goodwill.

Analysis of responses

General comments from respondents

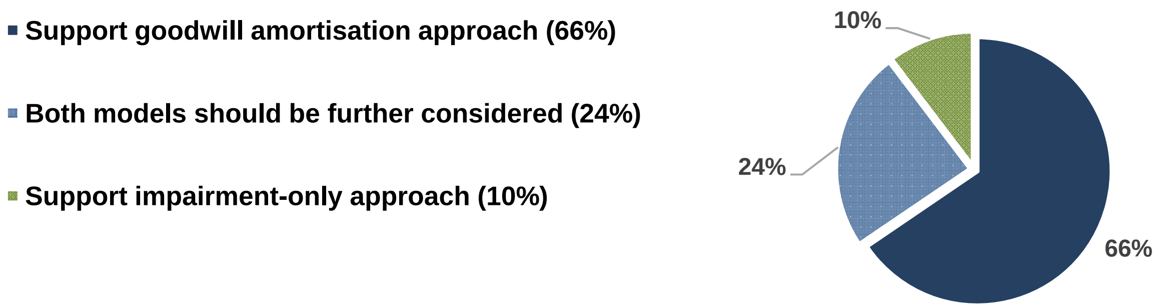
Many respondents welcomed the DP and supported the efforts of the EFRAG, OIC and ASBJ to stimulate the debate on the appropriate accounting treatment of goodwill and related disclosures. Some of these respondents would welcome further education and research on the pros and cons of the 'impairment-only' and 'amortisation and impairment' approaches.

One respondent encouraged EFRAG, OIC and ASBJ to share the final conclusions of the DP with the IASB before the upcoming Agenda Consultation of 2015.

Question 1

> Do you agree that there should be a requirement to recognise goodwill as an asset and amortise it over subsequent periods? If so, do you support amortisation because:
>
> a) goodwill existing at acquisition date is consumed and replaced with internally generated goodwill over time, thus it should be allocated to subsequent periods as part of the cost of acquiring an entity;
>
> b) an impairment-only model is not sufficiently reliable due to the large use of assumptions in the impairment test (future cash flows, terminal growth rate and discount rate); or
>
> c) amortisation of goodwill, in addition to the impairment test, achieves an appropriate cost-benefit balance.

The feedback received on Question 1 has been grouped into the following categories. These categories are further described below.



Support for amortisation of goodwill

Most respondents supported the preliminary views of the Research Group regarding reintroduction of goodwill amortisation. Many of these respondents were preparers and business association of preparers.

These respondents considered that the goodwill amortisation model should be reintroduced because it was preferable both from a conceptual and cost-benefit perspective. Overall, in their view:

- the acquired goodwill would "eventually deteriorate in value" and goodwill amortisation approach would result in a periodical expense (and not in a potential later one-off impairment loss). Such an accounting treatment reasonably reflected the consumption of the economic resource acquired in the business combination and allocated the costs of acquired goodwill to the periods it is consumed;
- goodwill amortisation allows to match the consumption costs with the benefits of the transaction;
- goodwill is consumed and replaced with internally generated goodwill over time. The goodwill amortisation approach would limit the recognition of internally generated goodwill;
- amortisation of goodwill would be consistent with the treatment of other intangible and tangible assets;
- impairment testing is complex and involves significant judgement. Respondents added that there were "significant uncertainties and judgements inherent to the impairment-only model" and amortisation can provide sufficient verifiability and reliability of financial information;
- impairments generally were reported untimely and therefore did not provide new information to markets, that often have already incorporated it into the share price;
- amortisation of goodwill would reduce volatility and management discretion;
- reporting entities would no longer have an incentive not to allocate consideration to other intangible assets subject to amortisation;
- amortisation of goodwill would be more operational and improve the cost-benefit balance for reporting entities;
- amortisation of goodwill would limit the size of goodwill in relation to total assets; and
- the impairment-only approach often "worsens the reported earnings of entities that are already experiencing losses", which would result in pro-cyclical effects.

Some of these respondents acknowledged the subjectivity and the difficulties related to determining the useful life of goodwill. Nonetheless, it was noted that the level of subjectivity and judgement was not higher than that in the impairment test. Some respondents considered that there were factors that could help determining the length of the amortisation period such as:

- the period over which the acquirer expects to earn excess return over the theoretical case of a standalone business;
- the expected payback period;
- useful life of a primary identifiable long-lived asset;
- economic assumptions that were used to price the transaction; and
- type of industry (for example, hi-tech segments have a short life cycle of 3 to 5 years, while pharma has a longer cycle of 10 to15 years).

One respondent that supported the impairment-only model still noted that there were conceptual arguments in favour of amortisation and the best solution would be to provide information on the subsequent performance of the acquiree.

Support for the impairment-only model

A number of respondents, mostly users, did not agree with the reintroduction of goodwill amortisation and considered that the impairment-only approach was more conceptually robust and provided relevant information to users about economic reality and expected future economic benefits. These respondents argued that writing down goodwill steadily over time, regardless of how the investment is performing, would lead to “fairly meaningless information” and an “excessively cautious measure of profitability”. Some respondents also noted that smaller impairments were less likely to attract the attention of investors to potentially useful information that impairments might normally convey about future prospects. In addition, respondents considered that:

- most analysts and investors would continue to look at earnings measures excluding goodwill amortisation (if reintroduced into IFRS);
- users would ignore the amortisation amounts and would add them back to profit to derive an "Earnings Before Goodwill" (EBG). This practice was so common that EBG was a standard field used by the consensus collators such as Thomson Reuters;
- amortising goodwill “confused investment with expense”. In many business combinations, a large part of the acquisition-cost was goodwill, which was treated as an investment and the value of the investments did not necessarily erode over time. The value should be reassessed periodically and, if necessarily, written down;
- impairments were useful for stewardship purposes so that management could be formally held to account for the investments they had made;
- there were conceptual deficiencies in amortisation of goodwill since nearly all acquisitions were based on the intention to continue the acquired activities for an indefinite period;
- some items subsumed in goodwill have an indefinite life (e.g. synergies or access to a market); and
- impairment-only approach provided useful information about *Return on Invested Capital* and *Return on Capital Employed*.

Some of these respondents acknowledged that impairment testing required significant judgement and cost.

Support for further research

One professional organisation explained that its members had mixed views and recommended further education and research on this topic.

One auditing firm recognised the conceptual merits of the current model, but had concerns about the cost for preparers. On this basis, this respondent encouraged the IASB to re-open its deliberations on business combination accounting and re-examine the value relevance of goodwill impairment.

Three other respondents believed that the accounting for goodwill was not a precise science and could not, at this stage, be limited to a binary choice. Two of these respondents referred to the FASB solution for private companies, which allows the amortisation of goodwill and to the fact that the FASB is currently analysing the possibility of extending it to public companies. One respondent added that the accounting for goodwill should be reviewed in the context of the current discussions on the *Conceptual Framework*, especially within the IASB's discussions on prudence. In his view, amortisation plus impairment model was more prudent approach since it allowed consumption of the goodwill assets over time and reduced the uncertainty inherent to the impairment tests.

Question 2

> Assuming that there was a requirement to amortise goodwill, do you think that the IASB should:
>
> a) indicate what the amortisation period should be?
>
> b) indicate a maximum amortisation period?
>
> c) provide guidance on how entities should assess the amortisation period (for instance, by referring to the expected payback period or the useful life of the primary asset)?
>
> d) allow entities to elect the amortisation period that they consider appropriate?

Support for systematic amortisation of goodwill over an estimated useful life

Most respondents broadly agreed with systematic amortisation of goodwill over an estimated useful life.

Many of those respondents generally agreed with the preliminary views of the Research Group regarding the need of guidance to estimate the useful life of the acquired goodwill, and considered that the IASB should develop guidance (e.g. factors that entities should take into account) that would help preparers determining the useful life of the acquired goodwill.

One respondent further detailed that the estimated useful life and amortisation method should be reviewed when necessary, with changes accounted for in accordance with IAS 8 *Accounting Policies, Accounting Estimates and Errors*. One other respondent added that entities should disclose the useful life of goodwill and how it had been determined.

Goodwill amortisation with an indication of a maximum amortisation period

Many respondents supported a maximum amortisation period. In particular, one respondent highlighted that "systematic amortisation over estimated useful life, with a maximum period, provides an appropriate balance between conceptual soundness and operationality at an acceptable cost".

However, these respondents provided mixed views on what should be the maximum amortisation period. Generally speaking, they did not expect goodwill to last more than 10 to 20 years, thus the maximum period should be set between 10 and 20 years. Yet, respondents provided different views by stating that:

- the IASB should establish a rebuttable presumption that the amortisation period should not exceed 10 years;
- the IASB should limit the amortisation period to 15 or 20 years;

- the IASB should establish the maximum amortisation period between 10 and 20 years;
- the IASB should indicate a maximum amortisation period of 20 years with a rebuttable presumption;
- goodwill could have, in some specific cases, an indefinite useful life; and
- the IASB should explore the possibility of setting a range, such as 5 to 20 years. An entity should be required to disclose the judgements and key assumptions used, when it selects a useful life outside the range.

One other respondent highlighted that the Directive 2013/34 encompassed a maximum amortisation period for goodwill and encouraged the IASB to consider the US-developments in this area as well.

Goodwill amortisation without an indication of a maximum amortisation period

A number of respondents considered that the IASB should allow entities to elect the amortisation period that they consider appropriate, without an indication of a maximum amortisation period. These respondents noted that:

- an acquirer would often pay an amount higher than fair value of the net assets of the acquiree as it expected to receive, over a certain time period, additional earnings and that the time period that was used to determine the price paid could well be used to determine the useful life of goodwill;
- it was extremely difficult to set a maximum period for the amortisation of goodwill that would be relevant in all circumstances and that it was difficult to justify such cap from a conceptual point of view;
- a maximum useful economic life for goodwill would not reflect the economic substance due to the differences in business models and industries; and
- the appropriate period should be based on the nature of the intangible asset or of the investment underlying the goodwill.

One respondent considered that there should be a rebuttable presumption that acquired goodwill has a finite useful life and it should be amortised over this period. Where the entity could demonstrate on a continual basis that goodwill has an indefinite useful life, or that the useful life cannot be estimated reliably, the entity should be required to apply the impairment-only approach as at present.

Goodwill amortisation with an indication of what the amortisation period should be

Only one respondent considered that if the IASB reintroduced the goodwill amortisation approach, then it should set a fixed amortisation period, which should be very long.

Question 3

The Discussion Paper suggests the need for improved guidance in a number of areas in IAS 36. Do you think that the IASB should improve and/or provide additional guidance in relation to:

a) the methods to determine the recoverable amount of the goodwill;

b) the application of the value-in-use method;

c) the identification of cash-generating units and allocation of goodwill to each unit; and

d) the choice of the discount rate.

If not, please indicate why. Please state any specific suggestions for improvements if you have.

Support for improved guidance in a number of areas in IAS 36

Many respondents noted that the relevance of impairment testing for goodwill, and consequently the need for improved guidance and disclosures, would significantly decrease if the IASB decided to reintroduce the requirement to amortise goodwill.

Nevertheless, many respondents agreed with the preliminary view of the Research Group that there was room to improve the guidance in IAS 36 *Impairment of Assets*. These respondents identified a number of difficulties related to the current impairment-only approach and provided some suggestions on what should be improved. For instance, respondents thought that:

- *the guidance regarding how to determine the recoverable amount of goodwill should be improved*. Some respondents thought that the IASB should:
  - review the relationship between “value in use” and “fair value less cost to sell” in the context of calculating the recoverable amount of a cash-generating unit to which goodwill is allocated;
  - provide additional guidance in relation to the methods to determine the recoverable amount of goodwill; and
  - clarify, in case it concludes that the ‘fair value’ of an investment should be based on the quoted marked price multiplied by the number of shares, that the fair value of a listed company should not exceed the aggregated value of its individual shares.
- *the guidance on how to apply the value in use should be improved***.** In particular, some respondents though that the IASB should:
  - allow management to use different valuation techniques, including methods like Terminal Value, Gordon Growth Model, EVA and multiples;
  - ensure the application of a rigorous discount cash flow model by indicating reliable sources for the terminal growth rate;
  - indicate when future investment would improve the asset’s performance (such an investment should be excluded from the expected cash flows) or be regarded as maintenance;

   - provide additional guidance in relation to the application of the value-in-use method; and
   - either remove the guidance that excludes improvements or enhancements from future cash flow projections in cases where a cash generating unit constitutes a business, or clarify that only future cash inflows and outflows related to new lines of businesses should be excluded.
- *the guidance regarding identification of cash-generating units and allocation to each unit should be improved***.** These respondents thought that**:**
   - it was unclear how to apply the requirements of impairment testing in the period when allocation is not yet completed. It would be useful if an entity would have to clarify the link between the cash generating unit and the reporting unit monitored internally;
   - more guidance was needed on the identification of cash generating units; and
   - considered that the allocation of goodwill to each cash generating unit was one of the issues that warranted further investigation, particularly when there is a restructure of the business.
- *the guidance regarding the application of discount rates should be improved.* These respondents thought that:
   - the guidance on discount rates was a recurrent, widespread and difficult issue that should be improved on a "holistic basis" covering all areas where discounting is required in IFRS. For example, respondents would like the IASB to discuss the use of pre or post-tax rates; and
   - the IASB should consider setting fixed parameters within the Standard.
- *consider a number of other aspects when reviewing IAS 36.* In particular, it was noted that:
   - IAS 36 did not take into account management's expectation on how the investment will be recovered;
   - a review of the guidance in IAS 36 should be accompanied by a review of the existing fair value measurements of acquired assets and liabilities;
   - the standard could set a simplified approach for assessing permanent losses in value (e.g. Italian Standard OIC 9); and
   - the IASB should require an impairment test only when a qualitative assessment indicates the possibility of an impairment consistent with the requirements of US GAAP.

Support for current guidance in IAS 36

A few respondents considered that IAS 36 provided sufficient guidance. One respondent believed that "room should be left for judgement in order to ensure that the performance of the test reflects the way in which the management considers the performance of its acquired businesses and of its CGUs'. One other respondent did not favour the introduction of further guidance that would require the recoverable amount to be fair value as for listed entities the value of the shares is affected by short term market expectations and therefore, may fail to correctly represent the actual value of a company.

Frequency of impairment testing if goodwill amortisation approach was reintroduced

Some respondents considered that an entity should only be required to make impairment tests whenever there was evidence or indication that an impairment may have occurred (instead of requiring an annual impairment testing).

Some respondents considered that an entity should perform an annual impairment test only if the amortisation period exceeded ten years, or was outside the range set in the Standard.

Question 4

> The Discussion Paper suggests a number of possible new disclosures about impairment testing for goodwill. Do you think that the IASB should consider improving requirements to:
>
> a) assist users in understanding the robustness of the modelling and the entity's current assumptions;
>
> b) provide confirmation of the 'reasonableness' of the entity's past assumptions; and
>
> c) assist users in predicting future impairment.

Support for improved disclosures on impairment tests

A number of respondents welcomed the Research Group's efforts to evaluate possible improvements to existing disclosures requirements and considered that there was room to improve. In particular, these respondents noted that:

- it was important to first understand the information needs of users in relation to the impairment test and then to review existing disclosures in IAS 36 and IFRS 3 with respect to their usefulness;
- disclosing the values assigned to, and the sensitivity of, each key assumption could cause significant commercial harm to the entity;
- disclosures should be improved to increase the transparency of the test and achieve a better understanding of the entity's assumptions and of the variances with actual results. One respondent thought that the reconciliation of the total goodwill allocation to the cash generating units was particularly interesting as it would improve the usefulness of the information in cases of modification in the cash generating units, allowed by paragraph 87 of IAS 36;
- it would be useful to have disclosures that would assist users in understanding the robustness of the modelling and the entity's current assumptions;
- it would be useful to have disclosures that would provide confirmation of the reasonableness of the entity's past assumptions;
- entities should disclose key performance indicators of each significant acquisition and how the acquired entity was performing against those indicators in the three years following the acquisition;
- entities should disclose material acquisitions that contributed to the amount of goodwill on the balance sheet;

- that in most cases goodwill impairments were not predictive but merely confirmed a deterioration in the outlook for a particular business that has already been anticipated in the market. To make goodwill impairment tests more useful to investors, the outcome of an impairment test should be disclosed as soon as possible. At a minimum, results of the annual impairment test should be published with the preliminary full-year results and not wait until the annual report is published;
- entities should explain changes to main assumptions; and
- the Standard should include disclosure objectives.

However, a number of respondents believed that the proposal of improving disclosure requirements should be reconsidered in the context of overall amount of disclosure requirements, where many constituents identified challenges of disclosure overload. Some respondents highlighted the importance of a cost-benefit analysis before introducing new requirements.

One respondent believed that any improvements to the disclosure requirements in IAS 36 should be addressed in the context of the IASB Disclosure Initiative.

No need to improve disclosures

A number of respondents did not consider that there was a strong need for improved disclosures. These respondents noted that current disclosure requirements in IFRS 3 and IAS 36 were quite extensive and questioned whether users would benefit from even more disclosures. In particular, respondents:

- thought that detailed disclosures about the calculation of recoverable amounts for various different cash generating units, including all the assumptions and detailed information about the WACC, would go far beyond the scope of what should be externally reported;
- did not support disclosures on variances between forecast and actual results, as they believed that such disclosures would be quite lengthy and burdensome to provide;
- did not see the benefit of disclosing an expected period of consuming synergies from a business combination (unless a goodwill would be actually amortised over that period);
- noted that companies already provided a sensitivity analysis which enabled users to determine potential future impairments in case of a change in the assumptions on the future net cash flows or discount rates; and
- thought that the cost of additional disclosures would not be justified by the benefit to users.

One respondent did not see any practical manner in which the IASB could be able to improve requirements to assist users in predicting future impairments.

Disclosure requirements if the goodwill amortisation model was reintroduced

A number of respondents considered that with the reintroduction of amortisation model, disclosures requirements would have to be reviewed, particularly when considering that goodwill impairment would be less critical for the users. One respondent noted that the implementation of the ‘impairment-only model’ had led to a significant increase of disclosure burden to listed companies. Some respondents believed that with the reintroduction of amortisation model, the disclosures requirements related to goodwill impairment could be reduced.

Question 5

IAS 38 requires that intangible assets with indefinite useful lives are not amortised but tested for impairment at least annually. Assuming that there was a requirement to amortise the goodwill, do you think that the same requirement should be extended to other intangible assets with indefinite useful lives? In addition, assuming that there was a requirement to amortise goodwill, do you think that the current requirements of identifying intangible assets separately from goodwill should be reconsidered? If so, how?

Amortisation of intangible assets with indefinite useful lives

Many respondents thought that if the IASB would require the amortisation of goodwill, the same requirements should be applied to other intangible assets with indefinite useful lives. One respondent noted that goodwill and intangible assets with indefinite useful life were similar assets and the boundaries between them were not always clear. One respondent considered that it would be reasonable to apply the same approach for goodwill to some but not all other intangible assets.

In contrast, some respondents did not think that the same requirement should or needed to be extended to other intangible assets with indefinite useful lives. One respondent believed that the same arguments against goodwill amortisation also applied to the amortisation of certain intangibles, such as brands, trademarks and customers lists, which are only recognised when an acquisition takes place. This respondent would prefer that difficult-to define assets and intangibles with an indefinite life, such as brands and customer relationships, were subsumed into goodwill and subject to impairment testing rather than periodic amortisation.

A few respondents acknowledged that there were mixed views on this issue. Therefore, one of these respondents considered that the accounting treatment of goodwill and intangible assets with indefinite useful lives needed to be further debated by the IASB. Such debates should include considerations on whether the same approach is necessary for goodwill and intangible assets with indefinite useful lives.

Separate recognition of intangible assets from goodwill

Many respondents considered that the IASB should reconsider the current requirements on separate recognition of intangible assets, notably if the IASB reintroduced the amortisation of goodwill. These respondents identified a number of difficulties related to the current requirements and provided some suggestions on what should be improved. In general, respondents were concerned about separately identifying some specific intangible assets, such as customer relationships, customer lists and brands, because:

- it was not possible to recognise equivalent internally generated intangibles;
- entities incurred in significant costs to obtain these fair values;
- impairment tests were highly questionable;
- there was no active market for them;
- users did not see any advantage in separately recognising such items; and
- the calculations/exercise involved in the separation of intangible assets from goodwill could be complex and highly judgemental and accomplished only for accounting reasons.

Suggestions made by respondent were, among others, the following:

- reporting entities should be allowed to exercise judgement on whether the benefits for users related to identifying intangible assets separately from goodwill would outweigh the costs for preparers;
- the separate recognition of intangible assets from goodwill should only occur if such separation reflects the way that management intends to recover the value of such intangibles. Else, it would be useful to subsume into goodwill most of the intangibles assets that are typically recognised in a business combination (except for trademarks and other similar assets);
- intangibles assets with (in)definite useful lives should not be separately recognised but included in the goodwill amount when the future economic benefits of such intangible assets cannot be reliably measured;
- the IASB should not require separate recognition of intangible assets with definite useful lives that are only created via acquisitions (i.e. customer lists, brand names, etc.); and
- the requirements on separate recognition of intangible assets should be simplified. Such simplification could be introduced by either introducing a practical expedient or introducing a mandatory special rule for business combinations.

In contrast, a small number of respondents supported the current requirements on separate recognition of intangible assets from goodwill. These respondents thought that separate recognition of intangible assets from goodwill could not be avoided if an entity wanted to provide a complete picture of a business combination and wanted to adequately present in the balance sheet the different identifiable assets that have been acquired through a business combination. One respondent noted that if the current requirements on separate recognition of intangible assets from goodwill were removed then there was the risk of “goodwill becoming too large”. One other respondent believed that recognising intangible assets separately from goodwill would provide useful information to users of financial statements as management’s intention in the business combination and the resources acquired as intangibles were reflected more clearly in the financial statements.

APPENDIX 1 – List of respondents

Respondent	*Country*	*Type*
ACTEO	France	Business Association – Preparers
Associazione Italiana Degli Analisti Finanziari	Italy	Professional Organisation of Users
Astaldi	Italy	European Company – Preparer
Austrian Financial Reporting and Auditing Committee	Austria	National Standard Setter
Autorité des normes comptables	France	National Standard Setter
Business Europe	Europe	Business Association – Preparers
CFA Society	UK	Professional Organisation of Users
CRUF	Global	Professional Organisation of Users
Deloitte Touche Tohmatsu Limited	Global	Auditing
Deutsche Telekom AG	Germany	European Company – Preparer
Dutch Accounting Standards Board	Netherlands	National Standard Setter
ENEL	Italy	European Company – Preparer
Federation Bancaire Francaise	France	Business Association – Preparers
FEE	Europe	Professional Organisation of Accountants
French Society of Financial Analysts	France	Professional Organisation of Users
German Insurance Association	Germany	Business Association – Preparers
ICAEW	UK	Professional Organisation of Accountants
Institute of Chartered Accountants of Pakistan	Pakistan	Professional Organisation of Accountants
Instituto de Contabilidad y Auditoria de Cuentas	Spain	National Standard Setter
Insurance Europe	Europe	Business Association – Preparers
Intesa San Paolo	Italy	European Company – Preparer
Keidanren (Japan Business Federation)	Japan	Business Association – Preparers
Societe Generale	France	European Company – Preparer
Swedish Enterprise Accounting Group	Sweden	Business Association – Preparers
Swedish Financial Reporting Board	Sweden	National Standard Setter
The 100 Group	UK	Business Association – Preparers
The Japanese Institute of Certified Public Accounts	Japan	Professional Organisation of Accountants
The Securities Analysts Association of Japan	Japan	Professional Organisation of Users
UniCredit	Italy	European Company – Preparer