

Introduction

Questionnaire for Preparers, Advisors, Auditors and Regulators of General Purpose Financial Statements: Initial Accounting for Intangible Assets Acquired in Business Combinations

Introduction

This questionnaire seeks to gather information for the purposes of a post-implementation review of the principles in IFRS 3 *Business Combinations* and IAS 38 *Intangible Assets* with respect to the initial accounting for intangible assets acquired in a business combination. The objective is to:

- (a) identify any improvements that could be made to these principles; and
- (b) determine whether the principles would be appropriate for the initial accounting for internally generated intangible assets.

To this end, the questionnaire seeks information on your experiences in applying particular aspects of the original version of IFRS 3 (June 2004) and/or the revised version of IFRS 3 (March 2008). The [Appendix](#) to this questionnaire provides a summary and extracts of the main requirements that are the subject of this questionnaire. While some jurisdictions, such as the United States and Canada, have not adopted IFRS 3 or IAS 38, their domestic requirements are similar to the principles in IFRS 3 and IAS 38. Accordingly, this questionnaire also seeks information on your experiences in applying the requirements in domestic GAAP that are similar to the requirements in IFRS 3 and IAS 38.

We anticipate the questionnaire will take about 20-30 minutes to complete. For a preview of the questionnaire, [click here](#). Note that the preview has been provided to assist you in preparing your response in advance. In order to formally complete the questionnaire, you will need to enter your responses directly into this online survey.

Deadline for submission: 17 June 2011.

Confidentiality

We intend to provide a report on our findings to the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) as input to any future reviews they might conduct in relation to IFRS 3 and IAS 38. Your responses will be treated confidentially and will not be used for any purpose other than the post-implementation review. Accordingly, any information you provide in respect of any actual or perceived non-compliance with accounting standards:

- (a) will not be used in any way that is inconsistent with the purpose of this questionnaire; and
- (b) will not be attributed to you or any organisation affiliated with you.

If you have any queries regarding this questionnaire, please contact us via email (standard@asb.gov.au).

Thank you for participating in this questionnaire.

Kevin Stevenson - AASB Chairman
Angus Thomson - AASB Director of Research
Robert Keys - AASB Technical Director

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*** Respondent contact details:**

We ask for your contact details in the event that we need clarification in relation to your responses to this questionnaire. Your contact details will not be used for any purpose other than in relation to this questionnaire.

Name:*	<input type="text"/>
Position or title:*	<input type="text"/>
Organisation:*	<input type="text"/>
Country:*	<input type="text"/>
Contact phone number:*	<input type="text"/>
Contact e-mail address:*	<input type="text"/>

QUESTIONS

BACKGROUND QUESTIONS

Please note that Questions 3-20 seek information about your experiences with the initial accounting for intangible assets acquired in a business combination during the last three years.

1. Do you have experience with the initial accounting for intangible assets acquired in business combinations under IFRS 3 and IAS 38 or similar GAAP in a for-profit environment?

No - Go to Question 2

Yes - Go to Question 3

2. Do you have any comments about the requirements in IFRS 3 and IAS 38 or similar GAAP for the initial accounting for intangible assets acquired in business combinations? If you are commenting on standards other than IFRS 3 and IAS 38, please also specify which standards you are referring to.

Thank you

If you answered 'No' to question 1, this completes your involvement in the questionnaire. Press the next button below to go to the next page and submit your survey.

3. Which of the following best describes your role in relation to the business combinations that you have been involved with?

as an employee of either a potential or actual acquirer

as an employee of either a potential or actual acquiree

as the auditor of an acquirer

as a valuation expert

as a regulator

other - please specify [Please note that a separate questionnaire for users of financial statements will be issued in the near future.]

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4. How many business combinations have you been involved with in the last 3 years?

one

between two and five

more than five

5. Which of the following accounting standard(s) was applied in respect of up to three of the most significant business combinations that you identified in response to Question 4? (Please identify more than one standard if appropriate)

	IFRS 3 (2008)	IFRS 3 (2004)	SFAS 141	CICA 1581	CICA 1582	Other – please provide details below
1	€	€	€	€	€	€
2	€	€	€	€	€	€
3	€	€	€	€	€	€

Other (please specify)

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6. Which country or countries do your experiences of business combinations relate to? For instance, if you identified yourself as an employee of an acquirer in Question 3, you would list below the country in which your employer is located. (Please identify more than one country if appropriate.)

Country 1	<input type="text"/>
Country 2	<input type="text"/>
Country 3	<input type="text"/>
Country 4	<input type="text"/>
Country 5	<input type="text"/>

7. Which industry or industries do your experiences of business combinations relate to? (Please identify more than one industry if appropriate.)

- Aerospace and/or defence
 - Agriculture, forestry and/or fishing
 - Airline
 - Transport and/or storage (excluding airline)
 - Banking
 - Financial and/or insurance services (excluding banking)
 - Biotechnology
 - Consumer retail
 - Communication services
 - Computers and software
 - Internet
 - Education
 - Electricity, gas or water supply and/or transmission
 - Other - Please specify
- Engineering and/or construction
 - Media and/or advertising
 - Manufacturing – food, beverage and/or tobacco
 - Manufacturing – textile and/or clothing
 - Manufacturing – chemicals
 - Manufacturing – machinery and/or equipment
 - Manufacturing – other
 - Mining
 - Oil and gas
 - Pharmaceuticals
 - Healthcare products
 - Property and/or accommodation services

8. Of the business combinations that you have been involved with, approximately what proportion would you consider was 'hostile' in nature? [A hostile business combination might be characterised by, for instance, little or no access to information about the acquiree, including the acquiree's intangible assets, other than publicly available information prior to an offer being made.]

All

Over half

Half

Less than half

None

INITIALLY IDENTIFYING AND DESCRIBING INTANGIBLE ASSETS ACQUIRED IN BUSINESS...

9. Which of the following types of intangible assets (listed in paragraphs IE16-IE44 of the Illustrative Examples accompanying IFRS 3 – see the [Appendix](#) to this questionnaire) were acquired in the business combinations that you have been involved with?

Marketing-related intangible assets

- Trademarks, trade names, service marks, collective marks and certification marks
- Trade dress (unique colour, shape or package design)
- Newspaper mastheads
- Internet domain names
- Non-competition agreements

Customer-related intangible assets

- Customer lists
- Order or production backlog
- Customer contracts and the related customer relationships
- Non-contractual customer relationships

Artistic-related intangible assets

- Plays, operas and ballets
- Books, magazines, newspapers and other literary works
- Musical works such as compositions, song lyrics and advertising jingles
- Pictures and photographs
- Video and audiovisual material, including motion pictures or films, music videos and television programmes

Contract-based intangible assets

- Licensing, royalty and standstill agreements
- Advertising, construction, management, service or supply contracts
- Lease agreements (whether the acquiree is the lessee or the lessor)
- Construction permits
- Franchise agreements
- Operating and broadcasting rights
- Servicing contracts such as mortgage servicing contracts
- Employment contracts
- Use rights such as drilling, water, air, timber-cutting and route authorities

Technology-based intangible assets

- Patented technology
- Computer software and mask works
- Unpatented technology
- Databases, including title plants
- Trade secrets, such as secret formulas, processes or recipes

Other

- Please describe

Other - Please specify

Have you identified any 'other' intangible assets above.

Yes - Go to Question 10

No - Go to Question 11

10. In some circumstances, entities may have incentives not to use particular descriptions for some types of intangible assets to avoid perceived negative consequences. From the business combinations you have been involved with, are you aware of any circumstances in which an acquirer avoided any of the descriptions identified in Question 9 above?

No

Yes – Please explain:

- (a) the nature of the intangible asset;
- (b) the descriptor used; and
- (c) the reason(s) why the acquirer used this descriptor (for instance, due to taxation implications or to satisfy prudential reporting requirements).

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INITIAL RECOGNITION OF INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS

11. Approximately, what percentage of the acquisition price was attributed to each of the categories of intangible asset (listed in Question 9 above) acquired in each of up to three of the most significant business combinations that you have been involved with? Please also indicate in the space provided the approximate percentage of the acquisition price attributed to other types of assets acquired in the business combination and the industry to which the acquiree belongs using one of the industry categories listed in Question 7 above.

11a. Business Combination #1

- Industry Category

Approximate percentage of Assets acquired in Business Combination that are:

Marketing-related
intangible assets

Customer-related
intangible assets

Artistic-related intangible
assets

Contract-based intangible
assets

Technology-based
intangible assets

Other intangible assets

Acquired goodwill

Tangible assets (such as
property, plant and
equipment)

Other assets (such as
receivables)

INITIAL RECOGNITION OF INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS

11b. Business Combination #2

- Industry Category

Approximate percentage of Assets acquired in Business Combination that are:

Marketing-related
intangible assets

Customer-related
intangible assets

Artistic-related intangible
assets

Contract-based intangible
assets

Technology-based
intangible assets

Other intangible assets

Acquired goodwill

Tangible assets (such as
property, plant and
equipment)

Other assets (such as
receivables)

INITIAL RECOGNITION OF INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS

11c. Business Combination #3

- Industry Category

Approximate percentage of Assets acquired in Business Combination that are:

Marketing-related

intangible assets

Customer-related

intangible assets

Artistic-related intangible

assets

Contract-based intangible

assets

Technology-based

intangible assets

Other intangible assets

Acquired goodwill

Tangible assets (such as

property, plant and

equipment)

Other assets (such as

receivables)

INITIAL RECOGNITION OF INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS

12. Based on your experience, do you consider the identifiability criteria in IFRS 3/IAS 38 (separable or arising from contractual or other legal rights) to be sufficient and appropriate for determining whether an intangible asset acquired in a business combination should be initially recognised?

Yes – Please explain why the criteria are sufficient and appropriate (using practical examples where available)

No – Please explain why the criteria are not sufficient and appropriate (using practical examples where available)

INITIAL MEASUREMENT OF INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS

13. Which of the following fair value measurement techniques have you encountered in the context of the initial measurement of intangible assets acquired in business combinations you have been involved with? (Please identify more than one method if appropriate.)

- Present value/discounted cash flow method
- Relief-from-royalty/royalty savings method
- Premium profits method/incremental income method
- Excess earnings method
- Comparison methods such as market prices for the same or similar assets
- Depreciated replacement cost method

Other - Please specify

14. What types of intangible assets have been initially measured in accordance with each of the fair value measurement techniques you have identified in Question 13 above?

Marketing-related intangible assets

	Present value/discounted cash flow method	Relief from royalty/royalty savings method	Premium profits method/incremental income method	Excess earnings method	Comparison methods	Depreciated replacement cost method	Other – please specify
Trademarks, trade names, service marks, collective marks and certification marks	€	€	€	€	€	€	€
Trade dress	€	€	€	€	€	€	€
Newspaper mastheads	€	€	€	€	€	€	€
Internet domain names	€	€	€	€	€	€	€
Non-competition agreements	€	€	€	€	€	€	€
Other (please specify)	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>						

Customer-related intangible assets

	Present value/discounted cash flow method	Relief from royalty/royalty savings method	Premium profits method/incremental income method	Excess earnings method	Comparison methods	Depreciated replacement cost method	Other – please specify
Customer lists	€	€	€	€	€	€	€
Order or production backlog	€	€	€	€	€	€	€
Customer contracts and the related customer relationships	€	€	€	€	€	€	€
Non-contractual customer relationships	€	€	€	€	€	€	€
Other (please specify)	<div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>						

Artistic-related intangible assets

	Present value/discounted cash flow method	Relief from royalty/royalty savings method	Premium profits method/incremental income method	Excess earnings method	Comparison methods	Depreciated replacement cost method	Other – please specify
Plays, operas and ballets	€	€	€	€	€	€	€
Books, magazines, newspapers and other literary works	€	€	€	€	€	€	€
Musical works such as compositions, song lyrics and advertising jingles	€	€	€	€	€	€	€
Pictures and photographs	€	€	€	€	€	€	€
Video and audiovisual material, including motion pictures or films, music videos and television programmes	€	€	€	€	€	€	€

Other (please specify)

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Contract-based intangible assets

	Present value/discounted cash flow method	Relief from royalty/royalty savings method	Premium profits method/incremental income method	Excess earnings method	Comparison methods	Depreciated replacement cost method	Other – please specify
Licensing, royalty and standstill agreements	€	€	€	€	€	€	€
Advertising, construction, management, service or supply contracts	€	€	€	€	€	€	€
Lease agreements (whether the acquiree is the lessee or the lessor)	€	€	€	€	€	€	€
Construction permits	€	€	€	€	€	€	€
Franchise agreements	€	€	€	€	€	€	€
Operating and broadcasting rights	€	€	€	€	€	€	€
Servicing contracts such as mortgage servicing contracts	€	€	€	€	€	€	€
Employment contracts	€	€	€	€	€	€	€
Use rights such as drilling, water, air, timber-cutting and route authorities	€	€	€	€	€	€	€

Other (please specify)

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Technology-based intangible assets

	Present value/discounted cash flow method	Relief from royalty/royalty savings method	Premium profits method/incremental income method	Excess earnings method	Comparison methods	Depreciated replacement cost method	Other – please specify
Patented technology	€	€	€	€	€	€	€
Computer software and mask works	€	€	€	€	€	€	€
Unpatented technology	€	€	€	€	€	€	€
Databases, including title plants	€	€	€	€	€	€	€
Trade secrets, such as secret formulas, processes or recipes	€	€	€	€	€	€	€

Other (please specify)

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Other

	Present value/discounted cash flow method	Relief from royalty/royalty savings method	Premium profits method/incremental income method	Excess earnings method	Comparison methods	Depreciated replacement cost method	Other – please specify
Other - (Please specify below)	€	€	€	€	€	€	€

Other - Please specify

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15. We understand that, for practical purposes, some acquirers treat the acquisition price as an upper limit for the purpose of measuring the net assets acquired in a business combination under IFRS 3. Are you aware of any circumstances recently where the acquisition price in a business combination has limited the initial measurement of an intangible asset acquired in the business combination?

jm No

jm Yes – Please describe the circumstances (using practical examples where available)

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16. Have you encountered any business combinations in which an acquired intangible asset had its initial measurement revised subsequent to acquisition in a manner consistent with the provisional accounting requirements in paragraphs 45-50 of IFRS 3 (see the [Appendix](#) to this questionnaire)?

No

Yes – Please explain:

- (a) the nature of each intangible asset; and
- (b) the reason(s) why the intangible asset's initial measurement was revised.

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17. Based on your experience, do you consider fair value measurement to be the most cost-beneficial approach for initially measuring intangible assets acquired in business combinations?

Yes – Please explain why

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No – Please identify your preferred measurement basis and explain why you consider it would be more cost-beneficial than fair value measurement

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INITIAL DISCLOSURE OF INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS

18. If an intangible asset acquired in a business combination does not meet the relevant identifiability criteria (separable or arising from contractual or other legal rights) and recognition criteria (probable that benefits from the asset will flow to the entity and the cost of the asset can be measured reliably) in IFRS 3 and IAS 38, paragraph B64(e) of IFRS 3 requires the acquirer to disclose a qualitative description of the intangible asset. Are you aware of any impediments to an acquirer providing the qualitative description required by paragraph B64(e) of IFRS 3 or similar GAAP?

No

Yes – Please explain:

- (a) the nature of the impediment(s); and
- (b) how the impediment(s) might be overcome.

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GENERAL QUESTIONS IN RELATION TO THE INITIAL ACCOUNTING FOR INTANGIBLE ASSE...

19. Apart from any issues you identified in response to any of the questions in this questionnaire, have you experienced any practical/implementation issues in applying the initial accounting requirements in relation to intangible assets acquired in business combinations under IFRS 3 and IAS 38 or similar GAAP?

No

Yes – Please explain:

- (a) the nature of the practical/implementation issue(s); and
- (b) how the practical/implementation issue(s) might be overcome.

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20. We have limited the size of this questionnaire in an attempt to maximise the response rate. Depending on the responses we receive to particular questions, we may want to pose some follow-up questions to respondents. Are you willing to participate in a more detailed questionnaire or interview?

Yes

No

Thank You

This completes your involvement in the questionnaire. Thank you for your involvement.