



The Vincent C. Ross Institute of Accounting Research
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ROSS ROUNDTABLE

ON

GOODWILL AND ASSET IMPAIRMENTS: THE NEW ACCOUNTING REPORTING RULES

Date: November 19, 2001 from 4:00 pm to 6:00 pm

Location: New York University
Leonard N. Stern School of Business
Abbe-Bogen Faculty lounge, 11th Floor (11-85)
Kaufman Management Education Center
44 West Fourth Street, New York, NY 10012

Contact: (212) 998-4144 or (212) 998-4143

Roundtable Coordinator:

Teresa John, *Associate Professor, Department of Accounting, Taxation, & Business Law*

Roundtable Theme

The FASB has recently changed the rules for accounting for mergers and acquisitions. A new standard (Statement No. 141, Accounting for Business Combinations) specifies that the pooling-of-interest method may no longer be used to account for business combinations. Acquisitions will be reported through use of the purchase method. Newly released Statement no. 142 (Accounting for Goodwill and Intangible Assets) requires that purchased goodwill not be amortized, but instead be subject to periodic impairment reviews. These pronouncements are radical changes that present

challenging issues for the financial community, managements, accountants and auditors, and financial executives. The roundtable will address issues and questions posed by the new reporting rules:

-Did the FASB eliminate amortization of goodwill to make purchase accounting more palatable to corporate America?

-Is impairment testing for goodwill a feasible alternative to amortization? v What methodology should be used to calculate the fair value of the reporting unit for purposes of impairment tests?

-Is it possible to separate acquisition goodwill from total enterprise goodwill in the post-acquisition period?

-Will impairment testing exacerbate the problems of earnings management and the "big-bath" phenomenon?

-What effect, if any, will the new rule have on the pace of mergers and acquisitions? Will the effect be different in the public marketplace as opposed to private investment companies and funds?

The Ross Roundtable provides a forum for "public opinion shapers" -- business writers, financial analysts, educators, corporate financial executives, regulators, etc. -- to discuss with policymakers important developments in capital markets and the financial world. To provide ample opportunity for participants to voice their opinions, the size of the Roundtable is limited.



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**Requirements for participation in program:
Adequate business and/or academic experience**

Recommended CPE Credits: 2