

ASC 360 Property, Plant, and Equipment

Wiley GAAP 2015: Interpretation and Application of Generally Accepted Accounting Principles

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Chapter 25

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PERSPECTIVE AND ISSUES

Subtopic

ASC 360, Property, Plant, and Equipment, consists of two subtopics:

- ASC 360-10, Overall, which is further divided into two subsections:
 1. General, which provides guidance on accounting and reporting on property, plant, and equipment, including accumulated depreciation
 2. Impairment or disposal of long-lived assets, which contains guidance for
 1. Recognizing impairment of long-lived assets to be held and used and
 2. Long-lived assets to be disposed of by sale
- ASC 360-20, Real Estate Sales, which provides guidance on the sale of real estate other than retail land.

Scope and Scope Exceptions

ASC 360-10. The guidance in ASC the 360-10 general subsection applies to all entities. The guidance in the ASC 360-10 impairment or disposal subsections applies to

- Capital leases of lessees,
- Long-lived assets of lessors subject to operating leases,
- Proved oil and gas properties accounted for using the successful-efforts method of accounting, and long-term prepaid assets.

The subsection guidance does not apply to the following transactions and activities that are considered part of an asset or disposal group:

- If a long-lived asset (or assets) is part of a group that includes other assets and liabilities not covered by the Impairment or Disposal of Long-Lived Assets Subsections, the guidance in the Impairment or Disposal of Long-Lived Assets Subsections applies to the group. In those situations, the unit of accounting for the long-lived asset is its group. For a long-lived asset or assets to be held and used, that group is referred to as an asset group. For a long-lived asset or assets to be disposed of by sale or otherwise, that group is referred to as a disposal group. Examples of liabilities included in a disposal group are legal obligations that transfer with a long-lived asset, such as certain environmental obligations, and obligations that, for business reasons, a potential buyer would prefer to settle when assumed as part of a group, such as warranty obligations that relate to an acquired customer base.
- The guidance in the Impairment or Disposal of Long-Lived Assets Subsections does not change GAAP applicable to those other individual assets (such as accounts receivable and inventory) and liabilities (such as accounts payable, long-term debt, and asset retirement obligations) not covered by the Impairment or Disposal of Long-Lived Assets Subsections that are included in such groups.

The guidance in the Impairment or Disposal of Long-Lived Assets Subsections does not apply to the following transactions and activities:

1. Goodwill
2. Intangible assets not being amortized that are to be held and used
3. Servicing assets
4. Financial instruments, including investments in equity securities accounted for under the cost or equity method
5. Deferred policy acquisition costs
6. Deferred tax assets
7. Unproved oil and gas properties that are being accounted for using the successful-efforts method of accounting
8. Oil and gas properties that are accounted for using the full-cost method of accounting as prescribed by the Securities and Exchange Commission (SEC) (see Regulation S-X, Rule 4-10, Financial Accounting and Reporting for Oil and Gas Producing Activities Pursuant to the Federal Securities Laws and the Energy Policy and Conservation Act of 1975)
9. Certain other long-lived assets for which the accounting is prescribed elsewhere in the standards:
 1. For guidance on financial reporting in the record and music industry, see Topic 928.
 2. For guidance on financial reporting in the broadcasting industry, see Topic 920.
 3. For guidance on accounting for the costs of computer software to be sold, leased, or otherwise marketed, see Subtopic 985-20.
 4. For guidance on accounting for abandonments and disallowances of plant costs for regulated entities, see Subtopic 980-360.