



Project	Fair Value Measurement
Topic	Scope of FASB Accounting Standards Codification Topic 820 (Fair Value Measurements and Disclosures)

Summary of the scope of Topic 820

1. This paper does not require the Board to make any decisions. Rather, it provides a summary of the scope of FASB Accounting Standards Codification Topic 820 (*Fair Value Measurements and Disclosures*) for reference purposes.
2. Paragraph 820-10-15-1 states that the guidance in the *Fair Value Measurements and Disclosures* Topic does not apply in the following cases:
 - (a) Under accounting principles that address share-based payment transactions (see Topic 718¹ (*Compensation- Stock Compensation*) and Subtopic 505-50² (*Equity-Based Payments to Non-Employees*))
 - (b) Under Sections, Subtopics, or Topics that require or permit measurements that are similar to fair value but that are not intended to measure fair value, including both of the following:
 - (i) Sections, Subtopics, or Topics that permit measurements that are based on, or otherwise use, vendor-specific objective evidence of fair value, which include the following:
 - (1) Subtopic 985-605³ (Software – Revenue Recognition)

¹ Topic 718 codified SFAS 123R *Share-Based Payment*

² Topic 505 codified SFAS 129 *Disclosure of Information about Capital Structure*

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The tentative decisions made by the FASB or the IASB at public meetings are reported in FASB *Action Alert* or in IASB *Update*. Official pronouncements of the FASB or the IASB are published only after each board has completed its full due process, including appropriate public consultation and formal voting procedures.

Staff paper

- (2) Subtopic 605-25⁴ (Revenue Recognition – Multiple-Element Arrangements).
 - (ii) Topic 330⁵ (*Inventory*).
- (c) Under accounting principles that address fair value measurements for purposes of lease classification or measurement under Topic 840⁶ (*Leases*). This scope exception does not apply to assets acquired and liabilities assumed in a business combination that are required to be measured at fair value under Topic 805⁷ (*Business Combinations*), regardless of whether those assets and liabilities are related to leases.

³ Topic 985 codified SFAS 86 *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed*

⁴ Topic 605 codified EITF 00-21 *Revenue Arrangements with Multiple Deliverables* and SOP 81-1 *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*

⁵ Topic 330 codified ARB 43 *Restatement and Revision of Accounting Research Bulletins- Inventory Pricing*

⁶ Topic 840 codified SFAS 13 *Accounting for Leases* and SFAS 98 *Accounting for Leases: Sale-Leaseback Transactions Involving Real Estate, Sales-Type Leases of Real Estate, Definition of the Lease Term, and Initial Direct Costs of Direct Financing Leases—an amendment of FASB Statements No. 13, 66, and 91 and a rescission of FASB Statement No. 26 and Technical Bulletin No. 79-11*

⁷ Topic 805 codified SFAS 141(R) *Business Combinations* and SFAS 164 *Not-for-Profit Entities: Mergers and Acquisitions—Including an amendment of FASB Statement No. 142*