

# MACHINERY & EQUIPMENT
## FAIR VALUE REPORTING

### ASC 820 – Fair Value Measurements

The Financial Accounting Standards Board (FASB) uses Standard 820 to define Fair Value for various GAAP accounting Purposes. Fair Value is defined as "the price that would be received to sell as asset or paid to transfer a liability in an orderly transaction between market participants as the measurement date." This definition is used in valuing Machinery & Equipment, also known as Plant, Property & Equipment or Fixed Assets for Fair Value Measurements in ASC 805 and ASC 360.

### ASC 805 – Purchase Price Allocation

In a Purchase Price Allocation, the Machinery & Equipment must be restated at its Fair Value. Often, the Fair Value of the Machinery & Equipment is higher than the current book value of the assets and a step-up in tax basis is recorded. Step-ups are commonly taken against the goodwill and depreciated over the remaining book life of the asset.

### ASC 350/360 – Goodwill Impairments

ASC 350 is also known as a step-one impairment test, in which the goodwill impairment is tested on the reporting unit level, if the value is not supported, ASC 360 is triggered. ASC 360 is the impairment assessment of the nonfinancial long-lived assets (asset groupings), which includes the Machinery & Equipment. For ASC 360, the Market Participant and Highest and Best Use are reconsidered. As a full-service valuation firm Marshall & Stevens can help you from before you close on the acquisition to after you've determined an impairment. We can help on any step along the way; it is never too early to discuss your valuation strategy.

### EXPERTISE IN ACTION

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