

UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

THE ASC CODIFICATION

US GAAP Standards at a Glance

A structured survey of the FASB Accounting Standards Codification — General Principles through Industry-Specific Guidance, with a standard-by-standard comparison to IFRS

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What We Will Cover



The FASB Codification

How the Codification is structured, and the GAAP hierarchy that governs it



Assets

Receivables, investments, inventory, PP&E and intangibles



Broad Transactions

Business combinations, consolidation, derivatives, fair value and leases



Standards at a Glance

A consolidated reference table across every ASC Topic covered



Presentation & Core Statements

The core financial statements, cash flows, EPS and segment reporting



Liabilities, Equity & Income

Contingencies, debt, equity, revenue, compensation and income taxes



Industry-Specific Guidance

Selected topics across financial services, real estate, software and more



US GAAP vs IFRS

Where the two frameworks align, and where they structurally diverge

PART I — THE FASB CODIFICATION

The FASB Codification

Since 2009, the FASB Accounting Standards Codification (ASC) has been the single source of authoritative US GAAP for nongovernmental entities — organized by Topic, not by chronological standard number.

How the Codification Is Organized

The ASC organizes all authoritative US GAAP into a consistent numbering system, from broad principles down to narrow industry practice.

- ✦ Topics are grouped into nine Areas: General Principles (100s), Presentation (200s), Assets (300s), Liabilities (400s), Equity (500s), Revenue (600s), Expenses (700s), Broad Transactions (800s), and Industry (900s).
- ✦ Each Topic — e.g. ASC 606 — is broken down into Subtopics, Sections, and Subsections; a citation like ASC 606-10-25-1 pinpoints the Topic, Subtopic, Section, and paragraph.
- ✦ The Codification superseded all pre-2009 standards (FASB Statements, EITF Issues, AICPA guidance) as the sole source of authoritative nongovernmental GAAP, other than SEC rules for public companies.
- ✦ New guidance is issued as Accounting Standards Updates (ASUs), which amend the Codification directly rather than standing as freestanding pronouncements.

GAAP Hierarchy & Governance

US GAAP is set and enforced through a layered structure of standard-setters, oversight bodies, and authoritative guidance.



FASB

The Financial Accounting Standards Board sets US GAAP through Accounting Standards Updates, overseen by the Financial Accounting Foundation.



SEC Oversight

The U.S. Securities and Exchange Commission has statutory authority over accounting standards for public companies, and looks to the FASB as the designated standard-setter.



ASC 105 — The GAAP Hierarchy

ASC 105 establishes the Codification itself as the single source of authoritative GAAP; industry practice is consulted only where the Codification is silent.

PART II — PRESENTATION

Presentation

How the core financial statements are structured, and the standards governing cash flows, earnings per share, and segment disclosures.

The Core Financial Statements

Three Topics govern how the primary statements are structured and what they must show.

- ✦ ASC 205, Presentation of Financial Statements, sets general requirements — including the going-concern evaluation every entity must perform each reporting period.
- ✦ ASC 210, Balance Sheet, addresses classification, principally the current/noncurrent distinction underlying a classified balance sheet.
- ✦ ASC 220, Income Statement — Reporting Comprehensive Income, requires an entity to report total comprehensive income, either in one continuous statement or two consecutive statements.
- ✦ ASC 250 governs accounting changes and error corrections — a change in accounting principle is applied retrospectively; correcting a prior-period error requires restatement.

Cash Flows, EPS & Segment Reporting

Three further Topics round out the presentation requirements every set of financial statements must satisfy.



ASC 230 — Statement of Cash Flows

Requires operating, investing and financing classification; interest paid and received are classified within operating activities.



ASC 260 — Earnings Per Share

Requires basic and diluted EPS, using the treasury stock method for options and the if-converted method for convertible instruments.



ASC 280 — Segment Reporting

Requires disclosure of operating segments identified using the management approach — how the chief operating decision maker actually views the business.

PART III — ASSETS

Assets

Recognition and measurement across receivables, investments, inventory, and long-lived and intangible assets.

Receivables & Investments

Four Topics govern how an entity accounts for amounts owed to it, and for its holdings in other entities.

- ✦ ASC 310, Receivables, addresses recognition and the allowance for credit losses on trade and other receivables.
- ✦ ASC 326, Financial Instruments — Credit Losses, introduced the Current Expected Credit Loss (CECL) model — a single lifetime expected-loss estimate recognized at initial recognition.
- ✦ ASC 320 and ASC 321 address debt and equity securities respectively; equity securities are generally measured at fair value through net income, with limited exceptions.
- ✦ ASC 323, Investments — Equity Method and Joint Ventures, applies when an investor has significant influence, typically evidenced by a 20%–50% voting interest.

Inventory, PP&E & Intangibles

Three Topics cover the assets a business builds, holds, and consumes to generate revenue.

- ✦ ASC 330, Inventory, permits FIFO, weighted-average, or LIFO; a write-down to net realizable value may not be reversed even if value later recovers.
- ✦ ASC 360, Property, Plant, and Equipment, requires historical-cost measurement, with no revaluation option — a structural divergence from IFRS.
- ✦ ASC 350, Intangibles — Goodwill and Other, requires goodwill and indefinite-life intangibles to be tested for impairment at least annually rather than amortized.
- ✦ A private-company alternative under ASC 350 permits goodwill to be amortized over ten years or less, easing the annual impairment-testing burden.

PART IV — LIABILITIES, EQUITY, REVENUE & EXPENSES

Liabilities, Equity, Revenue & Expenses

From contingencies and debt through to equity, revenue recognition, compensation, and income taxes.

Liabilities, Contingencies & Debt

Three Topics govern obligations, uncertain outcomes, and how borrowings are presented.

- ✦ ASC 450, Contingencies, recognizes a liability when a loss is probable — a threshold commonly interpreted as substantially higher than IFRS's more-likely-than-not test — and the amount is reasonably estimable.
- ✦ ASC 460, Guarantees, requires a guarantor to recognize a liability for the fair value of the obligation undertaken at inception, regardless of the probability of payment.
- ✦ ASC 470, Debt, addresses classification, and requires debt issuance costs to be presented as a direct deduction from the related debt liability, consistent with IFRS since ASU 2015-03.
- ✦ ASC 480, Distinguishing Liabilities from Equity, determines whether certain instruments — such as mandatorily redeemable shares — are classified as liabilities rather than equity.

Equity & Revenue Recognition

Two Topics govern how an entity's ownership structure is presented, and when revenue may be recognized.

- ✦ ASC 505, Equity, addresses stock dividends, splits, treasury stock, and the accounting for spin-offs and other equity transactions.
- ✦ ASC 606, Revenue from Contracts with Customers, applies the same five-step model as IFRS 15 — identify the contract, identify performance obligations, determine and allocate the transaction price, and recognize revenue as obligations are satisfied.
- ✦ ASC 606 and IFRS 15 were developed jointly and remain substantially converged, though collectibility thresholds and some licensing guidance still differ in application detail.
- ✦ ASC 610, Other Income, addresses gains and losses on the derecognition of nonfinancial assets outside the scope of ASC 606.

Compensation & Income Taxes

Two Topics govern how employee compensation and income taxes affect the financial statements.

- ✦ ASC 718, Compensation — Stock Compensation, measures equity-settled awards at grant-date fair value, expensed over the vesting period — closely converged with IFRS 2.
- ✦ ASC 715, Compensation — Retirement Benefits, governs defined benefit and defined contribution pension accounting, including actuarial gain/loss recognition.
- ✦ ASC 740, Income Taxes, recognizes deferred tax assets in full and then reduces them by a valuation allowance when it is more likely than not that some or all will not be realized.
- ✦ Unlike IAS 12, ASC 740 has no separate exemption for the initial recognition of assets and liabilities in most transactions, and uses a two-step test for uncertain tax positions.

PART V — BROAD TRANSACTIONS

Broad Transactions

Transactions that cut across multiple Topics — business combinations, consolidation, derivatives, fair value, and leases.

Business Combinations & Consolidation

Two Topics govern how one entity accounts for control over another.

- ✦ ASC 805, Business Combinations, applies the acquisition method — closely converged with IFRS 3 following a joint 2008 project — measuring identifiable assets and liabilities at fair value.
- ✦ Under ASC 805, non-controlling interest must be measured at fair value on every acquisition; IFRS 3 permits an alternative proportionate-share election.
- ✦ ASC 810, Consolidation, requires consolidation of entities controlled through voting interests, and of variable interest entities (VIEs) controlled through means other than voting rights — a model with no direct IFRS equivalent.
- ✦ A bargain purchase under ASC 805 is recognized immediately as a gain, mirroring the IFRS 3 treatment on this specific point.

Derivatives, Fair Value & Leases

Three Topics govern financial instruments, valuation, and the capitalization of leased assets.

- ✦ ASC 815, Derivatives and Hedging, requires all derivatives to be recognized at fair value, with hedge accounting available where strict documentation and effectiveness criteria are met.
- ✦ ASC 820, Fair Value Measurement, defines fair value as an exit price and establishes the three-level fair value hierarchy, closely converged with IFRS 13.
- ✦ ASC 842, Leases, brought leases onto the balance sheet in 2019, but — unlike IFRS 16 — retains a dual lessee classification: operating leases and finance leases.
- ✦ Operating leases under ASC 842 produce a single straight-line lease expense; finance leases produce separate interest and amortization, mirroring the pre-2019 capital lease model.

Nonmonetary, Related-Party & Subsequent Events

Three narrower Topics round out the broad-transactions guidance every entity may encounter.



ASC 845 — Nonmonetary Transactions

Exchanges of nonmonetary assets are generally measured at fair value, unless the exchange lacks commercial substance.



ASC 850 — Related Party Disclosures

Requires disclosure of the nature of related-party relationships and transactions, regardless of whether a price was charged.



ASC 855 — Subsequent Events

Distinguishes recognized subsequent events (conditions existing at the balance-sheet date) from nonrecognized events requiring disclosure only.

PART VI — INDUSTRY-SPECIFIC GUIDANCE

Industry-Specific Guidance

The 900-series Topics tailor recognition and disclosure to the economics of specific industries.

Selected Industry Topics

A sample of the roughly twenty industry Topics in the 900 series — each layering specialized guidance onto the general Topics already covered.



Financial Services (940–950)

Separate Topics address broker-dealers, depository and lending institutions, insurance, investment companies, and mortgage banking.



Real Estate & Construction (910, 970–978)

Cover contractor accounting, real estate sales, retail land sales, and time-sharing transactions, each with sector-specific recognition triggers.



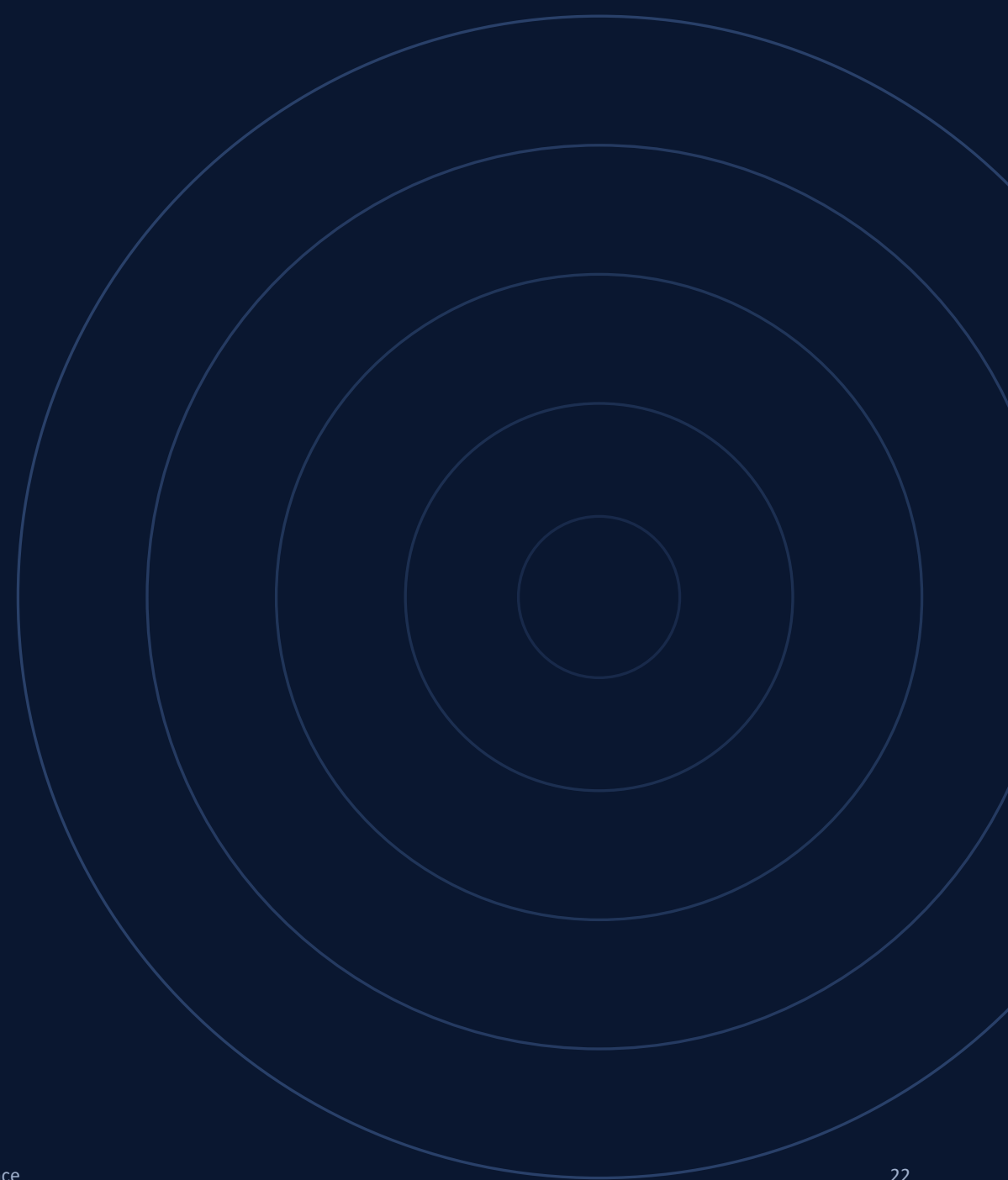
Software, Health Care & Not-for-Profit (954, 958, 985)

Address software cost capitalization, not-for-profit financial statement presentation, and health-care-entity revenue and disclosure requirements.

PART VII — STANDARDS AT A GLANCE

Standards at a Glance

A consolidated reference across the ASC Topics surveyed in this presentation.



ASC Topics — General Principles Through Assets

The Codification Areas covering foundational guidance and asset recognition.

ASC Topic	Title	Area
105	GAAP Hierarchy	General Principles
205 / 210 / 220	Presentation, Balance Sheet & Income Statement	Presentation
230	Statement of Cash Flows	Presentation
260	Earnings Per Share	Presentation
280	Segment Reporting	Presentation
310	Receivables	Assets
320 / 321 / 323	Investments — Debt, Equity & Equity Method	Assets
326	Financial Instruments — Credit Losses	Assets
330	Inventory	Assets
350	Intangibles — Goodwill and Other	Assets
360	Property, Plant, and Equipment	Assets
450	Contingencies	Liabilities

ASC Topics — Liabilities Through Industry Guidance

The Codification Areas covering liabilities, equity, revenue, expenses, broad transactions, and industry practice.

ASC Topic	Title	Area
470	Debt	Liabilities
505	Equity	Equity
606	Revenue from Contracts with Customers	Revenue
718	Compensation — Stock Compensation	Expenses
740	Income Taxes	Expenses
805	Business Combinations	Broad Transactions
810	Consolidation	Broad Transactions
815	Derivatives and Hedging	Broad Transactions
820	Fair Value Measurement	Broad Transactions
842	Leases	Broad Transactions
850	Related Party Disclosures	Broad Transactions
940 – 985	Selected Industry Topics	Industry

PART VIII — US GAAP VS IFRS

US GAAP vs IFRS

Two global frameworks, built on different philosophies — where they align, and where they structurally diverge.

Two Codified Systems, Two Philosophies

Both frameworks organize their guidance systematically — but the numbering, and the philosophy behind it, differ.

- ✦ US GAAP is organized by Topic under the FASB Codification (ASC XXX); IFRS is organized as individual numbered standards (IAS/IFRS XX) issued by the IASB, without a single consolidated codification.
- ✦ US GAAP tends to be rules-based, with detailed, prescriptive guidance and bright-line thresholds; IFRS is principles-based, leaving more room for judgement under a single Conceptual Framework.
- ✦ Areas of near-total convergence include revenue recognition (ASC 606 / IFRS 15), business combinations (ASC 805 / IFRS 3), and earnings per share (ASC 260 / IAS 33).
- ✦ Areas of structural divergence include inventory costing (LIFO), asset revaluation, lease classification, and — uniquely under US GAAP — the variable interest entity consolidation model and equity-method interest capitalization.

Comparison Table — Major Standard Equivalents

A cross-reference between the principal US GAAP and IFRS standards covered in this overview.

Topic	US GAAP	IFRS
Presentation	ASC 205 / 210 / 220	IAS 1
Cash flows	ASC 230	IAS 7
Inventory	ASC 330	IAS 2
Property, plant & equipment	ASC 360	IAS 16
Intangibles & goodwill	ASC 350	IAS 38 / IFRS 3
Leases	ASC 842	IFRS 16
Revenue	ASC 606	IFRS 15
Financial instruments	ASC 320 / 321 / 326	IFRS 9
Business combinations	ASC 805	IFRS 3
Consolidation	ASC 810	IFRS 10
Income taxes	ASC 740	IAS 12
Share-based payment	ASC 718	IFRS 2

Key Takeaways



One Codification, Nine Areas

Since 2009, all authoritative US GAAP lives in the ASC, organized from General Principles through Industry-specific guidance.



Rules Over Principles

US GAAP tends toward detailed, prescriptive guidance; IFRS leans on broader principles and professional judgement.



Revenue and M&A Have Converged

ASC 606/IFRS 15 and ASC 805/IFRS 3 are near-identical following joint IASB-FASB projects.



Historical Cost Is the Default

Unlike IFRS, US GAAP offers no general revaluation option for PP&E or intangibles.



VIEs Are a US GAAP-Only Model

ASC 810's variable interest entity consolidation model has no direct IFRS counterpart.



Standard-by-Standard Detail Comes Next

Each ASC Topic will get its own deep-dive deck, closing with a dedicated IFRS comparison slide.

A Career Built on Making Accounting Standards Understandable



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B D Chatterjee is a Chartered Accountant and financial thought leader with over 35 years of global experience spanning corporate finance, accounting standards, financial reporting, business valuation and financial due diligence. As a seasoned CFO, he has led finance functions across major corporations and now heads Digital CFO Solutions, a platform delivering institutional-grade IFRS, US GAAP and valuation workbooks alongside fractional CFO services.



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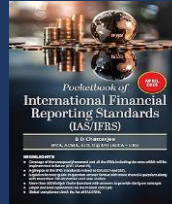
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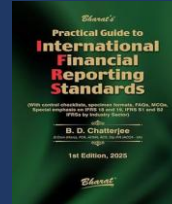
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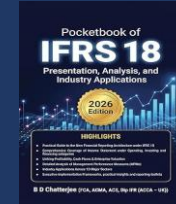
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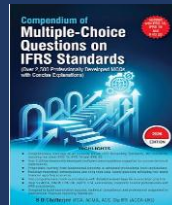
Pocketbook of International Financial Reporting Standards (IAS/IFRS)



Practical Guide to International Financial Reporting Standards



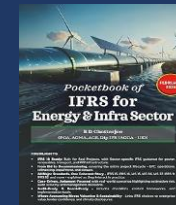
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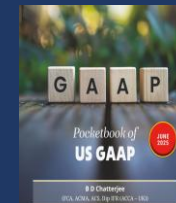
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