

CONCEPT: GAAP VS IFRS – ADJUSTING ENTRIES

Laws/Standard Setting	
USA follows	Generally Accepted Accounting Principles
Standards set by	Financial Accounting Standards Board
_____ → _____	
International follows	International Financial Reporting Standards
Standards set by	International Accounting Standards Board
_____ → _____	

Adjusting Entries	
Similarities between GAAP and IFRS: <ul style="list-style-type: none">● Accrual accounting is required● Periodicity assumption leads to use of adjusting entries● Rules for revenue recognition are generally the same	Differences between GAAP and IFRS: <ul style="list-style-type: none">● IFRS can use the Fair Value principle for long-term assets<ul style="list-style-type: none">> Depreciation can be based on higher revaluation● Under IFRS, expenses include:<ul style="list-style-type: none">> Normal course of business → _____ (GAAP)> Outside normal course → _____ (GAAP)