

CONCEPT: GAAP VS IFRS – LIABILITIES

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
_____ → _____	

Liabilities	
Similarities between GAAP and IFRS: <ul style="list-style-type: none">● General definition of liability● Liabilities are presented in order of liquidity● Calculation of Bonds Payable liabilities● Effective-interest method for amortization of bond premium/discount	Differences between GAAP and IFRS: <ul style="list-style-type: none">● Accounting for conversion of convertible bonds into equity● Companies using IFRS often calculate working capital on the face of the statement of financial position.