

**CONCEPT: GAAP VS IFRS – INVENTORY**

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

Inventory	
Similarities between GAAP and IFRS: <ul style="list-style-type: none"><li>● Initial purchase → Historical Cost</li><li>● Subsequent valuation → Lower of Cost or Market</li><li>● Ownership of goods (FOB Shipping Point/Destination)</li></ul>	Differences between GAAP and IFRS: <ul style="list-style-type: none"><li>● IFRS prevents LIFO for inventory evaluation</li><li>● Lower of Cost or Market calculation:<ul style="list-style-type: none"><li>&gt; GAAP → Market = Replacement cost</li><li>&gt; IFRS → Market = Net Realizable Value</li></ul></li></ul>