

**CONCEPT: GAAP VS IFRS – LONG LIVED ASSETS**

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

Long Lived Assets	
<p>Similarities between GAAP and IFRS:</p> <ul style="list-style-type: none"> <li>● Definitions are generally the same (PPE and Intangible)</li> <li>● Date of acquisition → Historical Cost Principle</li> <li>● Interest costs during construction are capitalized</li> <li>● Ordinary Repairs vs Capital Improvements</li> <li>● Depreciation Methods and Changes in Method Used</li> <li>● Asset Disposals (Gains and Losses on Sale)</li> <li>● Nonmonetary exchanges of assets</li> </ul>	<p>Differences between GAAP and IFRS:</p> <ul style="list-style-type: none"> <li>● Remaining value at end of useful life: <ul style="list-style-type: none"> <li>&gt; GAAP: Salvage Value</li> <li>&gt; IFRS: Residual Value</li> </ul> </li> <li>● IFRS allows subsequent revaluation to fair value <ul style="list-style-type: none"> <li>&gt; Allowed for PPE and Intangible Assets</li> </ul> </li> <li>● IFRS uses <i>component depreciation</i> if any portion of an asset has a different estimated useful life</li> <li>● IFRS allows the capitalization of R&amp;D costs when they reach the <i>development phase</i>.</li> </ul>