

CONCEPT: GAAP VS IFRS – STOCKHOLDERS' EQUITY

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
	_____ → _____

Stockholders' Equity	
Similarities between GAAP and IFRS: ● Recordkeeping of equity (share issuance/repurchase) ● Prior period adjustments through retained earnings ● Earnings per share calculations ● Statement of Comprehensive Income	Differences between GAAP and IFRS: ● IFRS uses the term reserves to describe equity accounts other than paid-in capital accounts > Examples: Retained Earnings, Revaluation accounts ● Terminology differences (see below) ● IFRS allows revaluation of long-term assets > These revaluations are included in general reserves

Terminology differences:

GAAP	IFRS
Common stock	Share capital—ordinary
Stockholders	Shareholders
Par value	Nominal or face value
Authorized stock	Authorized share capital
Preferred stock	Share capital—preference
Paid-in capital	Issued/allocated share capital
Paid-in capital in excess of par – common stock	Share premium—ordinary
Paid-in capital in excess of par – preferred stock	Share premium—preference
Retained earnings	Retained earnings or Retained profits
Retained earnings deficit	Accumulated losses
Accumulated other comprehensive income	General reserve and other reserve accounts