CONCEPT: GAAP VS IFRS – LONG LIVED ASSETS

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***
	____________ → ____________

Long Lived Assets	
Similarities between GAAP and IFRS: ● Definitions are generally the same (PPE and Intangible) ● Date of acquisition → Historical Cost Principle ● Interest costs during construction are capitalized ● Ordinary Repairs vs Capital Improvements ● Depreciation Methods and Changes in Method Used ● Asset Disposals (Gains and Losses on Sale) ● Nonmonetary exchanges of assets	Differences between GAAP and IFRS: ● Remaining value at end of useful life: > GAAP: Salvage Value > IFRS: Residual Value ● IFRS allows subsequent revaluation to fair value > Allowed for PPE and Intangible Assets ● IFRS uses *component depreciation* if any portion of an asset has a different estimated useful life ● IFRS allows the capitalization of R&D costs when they reach the *development phase*.