CONCEPT: GAAP VS IFRS – ADJUSTING ENTRIES

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***
	____________ → ____________

Adjusting Entries	
Similarities between GAAP and IFRS: ● Accrual accounting is required ● Periodicity assumption leads to use of adjusting entries ● Rules for revenue recognition are generally the same	Differences between GAAP and IFRS: ● IFRS can use the Fair Value principle for long-term assets > Depreciation can be based on higher revaluation ● Under IFRS, expenses include: > Normal course of business → ________ (GAAP) > Outside normal course → ________ (GAAP)