CONCEPT: GAAP VS IFRS – INVENTORY

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***
	____________ → ____________

Inventory	
Similarities between GAAP and IFRS: ● Initial purchase → Historical Cost ● Subsequent valuation → Lower of Cost or Market ● Ownership of goods (FOB Shipping Point/Destination)	Differences between GAAP and IFRS: ● IFRS prevents LIFO for inventory evaluation ● Lower of Cost or Market calculation: > GAAP → Market = Replacement cost > IFRS → Market = Net Realizable Value