

CONCEPT: GAAP VS IFRS – INTRODUCTION

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

- The need for a single, global set of accounting standards is becoming more and more relevant:
 - **Multinational Corporations** earn revenue in different countries with different reporting standards.
 - Examples: Coca Cola, McDonald's, Toyota, Nestle, Sony
 - **Mergers and Acquisitions** (business combinations) are happening between international companies more often
 - **Information Technology**, notably the Internet, has made international trade seamless and affordable
 - **Financial Markets** for stocks, bonds, and currencies happen on an global scale everyday

Accounting Fundamentals	
Similarities between GAAP and IFRS: ● The basic techniques for recording: _____ ● Meeting the needs of investors → _____ ● Business organizations: - Proprietorships - Partnerships - Corporations	Differences between GAAP and IFRS: ● IFRS tends to be simpler in its requirements: - IFRS → _____ - GAAP → _____ ● Sarbanes-Oxley (SOX) apply only to public companies listed on U.S Exchanges - Stringent guidelines for auditing and financial statement preparation