

CONCEPT: GAAP VS IFRS – CLASSIFIED BALANCE SHEET

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

_____ → _____

Classified Balance Sheet

Similarities between GAAP and IFRS:

- A classified balance sheet is required.
- Guideline for current/long-term classification → _____

Differences between GAAP and IFRS:

- Name of the financial statement:
GAAP: _____
IFRS: _____
- IFRS tends to show equity before liabilities
- Under IFRS, assets are shown in reverse order
> Least liquid to most liquid (i.e. cash listed last)
- Some general differences in terminology used
> GAAP → Investments
> IFRS → Share Investments
- IFRS applies the fair value principle more broadly
> Long-term Assets can be measured using FV

FRANKLIN CORPORATION

Statement of Financial Position

October 31, 2017

Assets

Intangible assets			
Patents			\$ 3,100
Property, plant, and equipment			
Land		\$10,000	
Equipment	\$24,000		
Less: Accumulated depreciation	<u>5,000</u>	<u>19,000</u>	29,000
Long-term investments			
Share investments		5,200	
Investment in real estate		<u>2,000</u>	7,200
Current assets			
Prepaid insurance		400	
Supplies		2,100	
Inventory		3,000	
Notes receivable		1,000	
Accounts receivable		7,000	
Debt investments		2,000	
Cash		<u>6,600</u>	<u>22,100</u>
Total assets			<u><u>\$61,400</u></u>

Equity and Liabilities

Equity			
Share capital			\$20,050
Retained earnings			14,000
Non-current liabilities			
Mortgage payable	\$10,000		
Notes payable	<u>1,300</u>		11,300
Current liabilities			
Notes payable		11,000	
Accounts payable		2,100	
Salaries and wages payable		1,600	
Unearned service revenue		900	
Interest payable		<u>450</u>	<u>16,050</u>
Total equity and liabilities			<u><u>\$61,400</u></u>