

Summary of Differences between IFRS and U.S. GAAP Frameworks

Purpose of the framework	The FASB framework is similar to the IASB framework in its purpose to assist in developing and revising standards, but it resides at a lower level in the hierarchy- a very important difference. Under IFRS, managements is expressly required to consider the framework if there is no standards of interpretation for that issue. The FASB framework does not have a similar provision.
Objectives of financial statements	There is general agreement on the objectives of financial statements: Both frameworks have a broad focus to provide relevant information to a wide range of users. The principal difference is that the U.S. GAAP framework provides separate objectives for business entities versus non-business entities rather than one objective as in the IASB framework.
Underlying assumptions	Although the U.S. GAAP framework recognizes the importance of the accrual and going concern assumptions, these are not given as much prominences as in the IASB framework. In particular, the going concern assumption is not well developed in the FASB framework .
Qualitative Characteristics	The U.S. GAAP framework identifies the same qualitative characteristics but also establishes a hierarchy of those characteristics. Relevance and reliability are considered primary qualities, whereas comparability is deemed to be a secondary quality under the FASB framework. The fourth qualitative characteristic, understand ability, is treated as a user- specific quality in the U.S. GAAP framework and is seen as a link between the characteristics of individual users and decision- specific qualities of information. The FASB framework indicates that it cannot base its decisions on the specific circumstances of individual users.
Constraints	There is similar discussion of the constraints in both frameworks.
Financial statement elements (definition,	1. Performance elements. The FASB framework includes three elements relating to financial performance in addition to revenue and expenses: gains, losses, and comprehensive income. Comprehensive income is a

<p>recognition, measurement)</p>	<p>and</p>	<p>more encompassing concept than net income, as it includes all changes in equity during a period expect those resulting from investments by and distributions to owners.</p> <ol style="list-style-type: none"> 2. Financial position elements. The FASB framework defines an asset as " a future economic benefit" rather than the "resource" from which future economic benefits are expected to flow to the entity as in the IASB framework. It also includes the term "probable" to define the assets and liabilities elements. As discussed below, the term "probable" is part of the IASB framework recognition criteria. Additionally, the frameworks have different meanings of probable. 3. Recognition of elements. The FASB framework does not discuss the term "probable" in its recognition criteria, whereas the IASB framework requires that it is probable that any future economic benefit flow to / from the entity. The FASB framework also has a separate recognition criterion of relevance. 4. Measurement of elements . measurement attributes (historical cost, current cost, settlement value, current market value, and present value) are broadly consistent, and both frameworks lack fully developed measurement concepts. Furthermore, the FASB framework prohibits revaluations except for certain categories of financial instruments, which have to be carried at fair value.
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