International versus U.S. Accounting Standards

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**Introduction**

When it comes to the qualitative concepts of comparability, it utilizes the same procedures to define losses, profits and the value of items. It is an understood fact that assigning value or price to equipment that is more than twenty years old can be quite difficult. However, if that equipment does not have a replacement in the present, the value or price that is assigned to it can be quite high. Further, in accordance to me, the amount for plant, property, and equipment that has been reported by the companies in the United States is more reliable as opposed to the current amounts that have been reported by the companies that are in Mexico, England and so on. Additionally, relevance is another chief decision specific quality which aids in making the accounting data useful (Denoncourt, 2018). The reason behind is the fact that if the data and information are not relevant to a decision, it is deemed to be useless. This paper will be discussing the concepts of comparability, reliability, and relevance by contrasting the United States accounting standards with other countries.

**Discussion**

Starting off with comparability, as mentioned above that the equipment that is around twenty years old or more can be difficult to give value or price to. However, there can be an exception made if the model of the equipment is unique and there is no replacement of the machine. In such a case the price and the value of the equipment increases. Other than that, there are chances that there might not be another option, as the company may not be able to perform and operate without the specific equipment (Denoncourt, 2018). This fact can lead to next to no profitability. The example of the manufacturing industry can be taken to help understand the scenario perfectly. As time passes, it is seen that new innovation is brought in the market, yet the old equipment still works perfectly just like when it was first purchased. These old machines are cost-effective. This is one of the significant reasons why companies decide to stick to these machines as they are cost efficient as well. This can be taken as an example of the framework of comparability where the old machines carry significance for one company but might not be useful to another corporation.

As far as the financial statements of various companies are concerned specifically the businesses that are functioning in Australia, England, Brazil, Singapore, and Mexico can be compared to the financial statements of the companies that are present in the United States (Bennett & James, 2017). However, Australia can be contrasted more than the other countries. The reason behind it is the fact that Australia has taken inspiration from the financial standards of the United States and they have started using the American financial standards as the main platform to make their financial statements. Having said that, the basics in the other countries are also somewhat similar to that of the United States, so there are certain similarities as well.

Now, coming to the reliability and relevance. I believe that the amount that is being reported by American companies for the plant, equipment, and the property is more reliable as opposed to the reporting done by England and Mexico. The American companies which are reporting under the US GAAP, utilize the historical cost net of stored depreciation when reporting the assets. It means that the corporations utilize the amount which was initially paid for the asset, less the depreciation gathered from the time the asset was owned. This fact makes things faithful and the information thus provided is verifiable, relevant, reliable, accurate and free of any biases.

On the contrary, the businesses that are present in Mexico and England can revaluate as asset utilizing the current cost and fair value. The problem lies in the fact that there is very little direction to aid in determining the amount. The fact, that different countries have a diverse economic environment, so this will also have an impact on the value. This fact further makes the reliability of the information uncertain (Bennett & James, 2017). Further, there is also doubt regarding the overall correctness of the information since it is doubtful. As far as the relevance is concerned, it must be able to make a difference in the decision by aiding the users in forming predictions regarding outcomes. It is all dependent on the user and here the US companies are more relevant than Mexico and England. Since the information that the other countries provide are under the influence of external factors.

**Conclusion**

So, it is an understood fact that while there are certain similarities in the financial standards of the United States and other countries, there are differences as well. The differences are based on the fact that the political and economic situation of a country can vary from the other, which can have an impact on the financial standards.

**References**

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