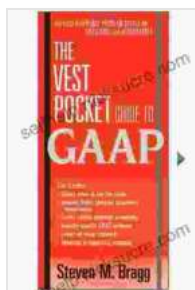


The Vest Pocket Guide to Gaap: A Practical Guide to Understanding, Assessing, and Controlling Risk



The Vest Pocket Guide to GAAP by Steven M. Bragg

★★★★☆ 4.1 out of 5

Language	: English
File size	: 3519 KB
Text-to-Speech	: Enabled
Screen Reader	: Supported
Enhanced typesetting	: Enabled
Print length	: 435 pages
Lending	: Enabled



The Vest Pocket Guide to Gaap is a practical guide to understanding, assessing, and controlling risk. It is written for risk professionals, internal auditors, and other professionals who need to understand Gaap and its implications for risk management. The guide provides a comprehensive overview of Gaap, including its history, principles, and key concepts. It also discusses the different types of risk that can arise from Gaap, and how to assess and control these risks.

History of Gaap

Gaap (Generally Accepted Accounting Principles) is a set of accounting standards that are used by companies in the United States. Gaap was developed over time by the Financial Accounting Standards Board (FASB).

The FASB is a private-sector organization that is responsible for setting accounting standards for companies in the United States.

The first Gaap standard was issued in 1934. Over the years, the FASB has issued many additional Gaap standards. These standards cover a wide range of accounting topics, including financial reporting, disclosure, and auditing.

Principles of Gaap

Gaap is based on four fundamental principles:

- **Relevance:** Gaap requires that financial information be relevant to the decisions that users make.
- **Reliability:** Gaap requires that financial information be reliable. This means that it must be accurate, complete, and free from material error.
- **Comparability:** Gaap requires that financial information be comparable to the financial information of other companies. This makes it possible for users to compare the financial performance of different companies.
- **Timeliness:** Gaap requires that financial information be timely. This means that it must be available to users when they need it.

Key Concepts of Gaap

There are a number of key concepts that are used in Gaap. These concepts include:

- **Assets:** Assets are economic resources that are owned or controlled by a company.

- **Liabilities:** Liabilities are claims against a company's assets.
- **Equity:** Equity is the difference between a company's assets and liabilities.
- **Revenue:** Revenue is the income that a company earns from its operations.
- **Expenses:** Expenses are the costs that a company incurs in its operations.

Types of Risk from Gaap

There are a number of different types of risk that can arise from Gaap. These risks include:

- **Financial reporting risk:** This risk is the risk that a company's financial statements will not be accurate, complete, and free from material error.
- **Disclosure risk:** This risk is the risk that a company will not disclose all of the information that is required by Gaap.
- **Auditing risk:** This risk is the risk that an audit of a company's financial statements will not be effective in detecting material misstatements.

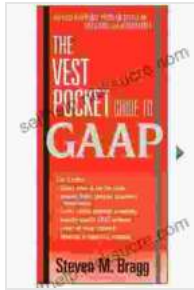
Assessing and Controlling Gaap Risk

There are a number of steps that can be taken to assess and control Gaap risk. These steps include:

- **Understanding Gaap:** The first step to assessing and controlling Gaap risk is to understand Gaap. This includes understanding the

history, principles, and key concepts of Gaap.

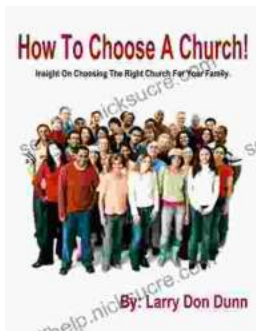
- **Identifying Gaap risks:** Once you understand Gaap, you need to identify the risks that can arise from Gaap. This includes identifying the financial reporting, disclosure, and auditing risks that are most relevant to your



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