

Accounting



Tenth Edition

Accounting

What the Numbers Mean

David H. Marshall, MBA, CPA, CMA

Professor of Accounting Emeritus
Millikin University

**Wayne W. McManus, LL.M., J.D., M.S.,
MBA, CFA, CPA, CMA, CIA**

Professor of Accounting and Law
International College of the Cayman Islands

Daniel F. Viele, M.S., CPA, CMA

Professor of Accounting
Associate Vice President for Academic Affairs
Webster University

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ACCOUNTING: WHAT THE NUMBERS MEAN, TENTH EDITION

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Meet the Authors

David H. Marshall is Professor of Accounting Emeritus at Millikin University. He taught at Millikin, a small, independent university located in Decatur, Illinois, for 25 years. He taught courses in accounting, finance, computer information systems, and business policy, and was recognized as an outstanding teacher. The draft manuscript of this book was written in 1986 and used in a one-semester course that was developed for the non-business major. Subsequently supplemented with cases, it was used in the business core accounting principles and managerial accounting courses. Concurrently, a one-credit hour accounting laboratory taught potential accounting majors the mechanics of the accounting process. Prior to his teaching career, Marshall worked in public accounting and industry and he earned an MBA from Northwestern University. Professor Marshall's interests outside academia include community service, woodturning, sailing, and travel.



Wayne W. McManus makes his home in Grand Cayman, Cayman Islands, BWI, where he worked in the private banking sector for several years and is now a semi-retired consultant. He maintains an ongoing relationship with the International College of the Cayman Islands as an adjunct Professor of Accounting and Law and as a member of the College's Board of Trustees. McManus now offers the Cayman CPA Review course through the Financial Education Institute Ltd. and several professional development courses through the Chamber of Commerce. He earned an MS in accounting from Illinois State University, an MBA from the University of Kansas, a law degree from Northern Illinois University, and a master's of law in taxation from the University of Missouri-Kansas City. He serves as an independent director and chairman of the audit committee for Endeavour Mining Corp. (EDV on the TSX exchange). He is an active member of the Cayman Islands Society of Professional Accountants and the local chapter of the CFA Institute. Professor McManus volunteers as a "professional" Santa each December, enjoys travel, golf, and scuba diving, and is an audio/video enthusiast.



Daniel F. Viele is Professor of Accounting and currently serves as Associate Vice President for Academic Affairs at Webster University. He teaches courses in financial, managerial, and cost accounting, as well as accounting information systems. He has developed and taught numerous online graduate courses, and for his leadership role in pioneering online teaching and learning, the university presented him with a Presidential Recognition Award. Professor Viele's students and colleagues have also cited his dedication to teaching and innovative use of technology, and in 2002 Webster awarded him its highest honor—the Kemper Award for Teaching Excellence. Prior to joining Webster University in 1998, he served as a systems consultant to the graphics arts industry, and his previous teaching experience includes 10 years at Millikin University with Professor Marshall. Professor Viele holds an MS in Accounting from Colorado State University and has completed the Information Systems Faculty Development Institute at the University of Minnesota and the Advanced Information Systems Faculty Development Institute at Indiana University. He is a member of the American Accounting Association and the Institute of Management Accountants, where he has served as President of the Sangamon Valley Chapter and as a member of the National Board of Directors. Professor Viele enjoys sports of all kinds, boating, and a good book.



Preface

Welcome to the Tenth Edition of *Accounting: What the Numbers Mean*. We are confident that this text and supplemental resources will permit the achievement of understanding the basics of financial reporting by corporations and other enterprises.

Accounting has become known as the language of business. Financial statements result from the accounting process and are used by owners/investors, employees, creditors, and regulators in their planning, controlling, and decision-making activities as they evaluate the achievement of an organization's objectives. Active study of this text will allow you to acquire command of the language and help you become an informed user of accounting information.

Accounting issues are likely to touch the majority of career paths in today's economy. Students whose principal academic interests are not in accounting, but who are interested in other areas of business or nonbusiness areas, such as engineering, behavioral sciences, public administration, and prelaw programs, will benefit from the approach used in this book. Individuals aspiring to an MBA degree or other graduate programs that focus on administration and management, who do not have an undergraduate business degree, will benefit from a course using this text.

Accounting: What the Numbers Mean takes the user through the basics: what accounting information is, how it is developed, how it is used, and what it means. Financial statements are examined to learn what they do and do not communicate, enhancing the student's decision-making and problem-solving abilities from a user perspective. Achieving expertise in the preparation of financial statements is not an objective of this text. In short, we have designed these materials to assist those who wish to learn "what the numbers mean" without concentrating on the mechanical aspects of the accounting process.

Best wishes for successful use of the information presented here.

David H. Marshall

Wayne W. McManus

Daniel F. Viele



Putting the Pieces Together

Named after a Chinese word meaning “sparrow,” mah-jongg is a centuries-old game of skill. The object of the game is to collect different tiles; players win points by accumulating different combinations of pieces and creating patterns. We’ve chosen mah-jongg tiles as our cover image for the tenth edition of *Accounting: What the Numbers Mean* because the authors show students how to put the pieces together and understand their relationship to one another to see the larger pattern. By focusing on the meaning of the numbers used in financial statements, students develop the crucial decision-making and problem-solving skills needed to succeed in any professional environment.

Marshall continues to be the market-leading text for the Survey of Accounting course, helping students to succeed through clear and concise writing, a conceptual focus, and unparalleled technology support.

Clear

Instructors and students alike have praised *Accounting: What the Numbers Mean* for its effectiveness in explaining difficult and important accounting concepts to all students, not just future accountants. Instructors consistently point out that students find this text much less intimidating and easier to follow than others they have used.

Concise

In concentrating on the basics—what accounting information is, what it means, and how it is used—*Accounting: What the Numbers Mean* does not overwhelm students with encyclopedic detail. The emphasis on discovering what financial statements communicate and how to better use them (as well as other pieces of accounting information) facilitates student comprehension of the big picture.

Conceptual

Accounting: What the Numbers Mean focuses on helping students understand the meaning of the numbers in financial statements, their relationship to each other, and how they are used in evaluation, planning, and control. Technical details are minimized wherever possible, allowing instructors to highlight the function of financial statements, as opposed to their formation.

Technology

To meet the evolving needs of instructors and students, the tenth edition features a far more extensive technology support package than ever before. An expanded Online Learning Center includes a wealth of self-study material for students. McGraw-Hill’s *Connect Accounting* lets instructors assign, collect, and grade homework online. In addition, McGraw-Hill’s *Connect Accounting Plus* gives students the ability to work with an integrated eBook while managing and completing homework online.

What Makes Accounting: What the Numbers Mean Such a Powerful Learning Tool?

Fiscal Year

A firm's **fiscal year** is the annual period used for reporting to owners, the government, and others. Many firms select the calendar year as their fiscal year, but other 12-month periods can also be selected. Some firms select a reporting period ending on a date when inventories will be relatively low or business activity will be slow because this facilitates the process of preparing financial statements.

Many firms select fiscal periods that relate to the pace of their business activity. Food retailers, for example, have a weekly operating cycle, and many of these firms select a 52-week fiscal year (with a 53-week fiscal year every five or six years so their year-end remains near the same date every year). **Campbell Soup Company** has adopted this strategy; note, on page 715 in the appendix, that **Campbell's** fiscal year ends on the Sunday nearest July 31 each year. (The next 53-week year will end on August 3, 2014).

For internal reporting purposes, many firms use periods other than the month (e.g., 13 four-week periods). Such firms wish to maintain the same number of operating days in each period so that comparisons between the same periods of different years can be made without having to consider differences in the number of operating days in the respective periods.



Business in Practice



2. What does it mean to refer to a balance sheet for the year ended August 31, 2014?
3. What does it mean when a balance sheet has been prepared for an organization?

What Does It Mean?
Answers on pages 56–57

This is a difficult but important concept to grasp, so please consider the following example: Assume that Cruisers, Inc., sells a boat to a customer for \$2,000 and uses the FIFO assumption. For argument's sake, assume that the cost of goods sold for this boat is \$1,500 (taken from the beginning inventory); yet the current cost of replacing the boat has recently increased to \$1,850, and the tax rate is 30 percent. The income tax owed by Cruisers, Inc., from this sale would be \$150, computed as $(\$2,000 - \$1,500) \times 30\%$, and when this amount is added to the cost of replacing the boat, the company hasn't had any positive net cash flow! However, on the income statement, net income would be \$350 $(\$2,000 - \$1,500 - \$150)$.



Study Suggestion



The IFRS Approach

The LIFO inventory cost flow assumption is not permitted under international financial reporting standards. The primary reason for the disallowance of LIFO appears to be that international standards have a strong balance sheet measurement focus and efforts have been made to eliminate accounting methods such as LIFO that do not support this so-called "balance sheet approach." As discussed in the following sections, during inflationary times LIFO assigns to inventory the costs of the oldest items acquired by the company, thus causing balance sheet values to become "outdated" as the company grows. As you study this material, think about what the implications would be for U.S. companies if the LIFO cost flow assumption were no longer available as a reporting alternative under U.S. GAAP.



FYI

The Activity Based Costing Association (ABCA) is an association of companies and organizations with activity-based costing interests. The association conducts benchmarking studies to identify practices that improve the overall operations of the members. ABCA's mission is to identify "best in class" activity-based costing processes, which lead member companies to exceptional performance when implemented. See www.abcbenchmarking.com for additional information about the objectives, services, and activities of the association.



APPENDIX

Excerpts from 2011
Annual Report of
Campbell Soup
Company

• Business in Practice

Throughout each chapter, these boxes highlight and discuss various business practices and their impact on financial statements. Seeing the real-world impact of these business practices helps students more completely understand financial statements in general.

• What Does It Mean?

As students progress through each chapter, *What Does It Mean?* questions prompt students to self-test their understanding following coverage of key topics. *What Does It Mean?* answers are provided in the end-of-chapter section.

• Study Suggestion

Here the authors offer advice and tips to students to help them better grasp specific chapter concepts.

• The IFRS Approach

New to this edition, these boxes highlight some of the key differences between U.S. generally accepted accounting principles and International Financial Reporting Standards.

• FYI

These boxes direct students' attention to a wide variety of helpful resources available on the Internet for a fresh perspective on how the concepts they've just learned in the managerial chapters are applied in a modern context.

• Campbell's 2011 Annual Report

Excerpts from Campbell Soup Company's annual report are included as an appendix at the back of the book. Frequent references to this material are made in the financial chapters of the text. The Campbell's icon is located in the margins next to relevant text and requires the student to call upon this real-world resource. The inclusion of annual report data piques student interest and provides valuable hands-on experience.

More great pedagogy to guide student learning, and extensive end-of-chapter material to challenge students in applying what they have learned.

Summary

Financial statements communicate economic information that helps individuals make decisions and informed judgments.

The bookkeeping and accounting processes result in an entity's numerous transactions with other entities being reflected in the financial statements. The financial statements presented by an entity are the balance sheet, income statement, statement of changes in stockholders' equity, and statement of cash flows.

The balance sheet is a listing of the entity's assets, liabilities, and stockholders' equity at a point in time. Assets are probable future economic benefits (things or claims against others) controlled by the entity. Liabilities are amounts owed by the entity. An entity's stockholders' equity is the difference between its assets and liabilities. This relationship is known as the accounting equation. Current assets are cash and those assets likely to be converted to cash or used to benefit the entity within one year of the balance sheet date, such as accounts receivable and inventories. Current liabilities are expected to be paid or otherwise satisfied within one year of the balance sheet date. The balance sheet as of the end of a fiscal period is also the balance sheet as of the beginning of the next fiscal period.

The income statement reports the results of an entity's operating activities for a period of time. Revenues are reported first, and expenses are subtracted to arrive at net income or net loss for the period.

The statement of changes in stockholders' equity describes changes in retained

Self-Study Material

Visit the text website at www.mhhe.com/marshall10e to take an online self-study quiz for this chapter.

Matching Following is a list of the key terms and concepts introduced in the chapter, along with a list of corresponding definitions. Match the appropriate letter for the key term or concept to each definition provided (items 1–15). Note that not all key terms and concepts will be used. Answers are provided at the end of this chapter.

- | | |
|-----------------------------|---------------------------------------|
| a. Accumulated depreciation | i. Gains |
| b. Balance sheet | j. Losses |
| c. Accrued liabilities | k. Net sales |
| d. Current assets | l. Cost of goods sold |
| e. Current liabilities | m. Gross profit |
| f. Merchandise inventory | n. Income from operations |
| g. Revenues | o. Net income |
| h. Expenses | p. Earnings per share of common stock |

Mini-Exercises

All applicable Mini-Exercises are available with McGraw-Hill's Connect™ Accounting.

- Mini-Exercise 2.1** **Understanding financial statement relationships** Total assets were \$48,000 and total liabilities were \$27,000 at the beginning of the year. Net income for the year was \$8,000, and dividends of \$2,000 were declared and paid during the year.
- Required:**
Calculate total stockholders' equity at the end of the year.
- Mini-Exercise 2.2** **Understanding financial statement relationships** Stockholders' equity totaled \$82,000 at the beginning of the year. During the year, net income was \$12,000, dividends of \$3,000 were declared and paid, and \$10,000 of common stock was issued at par value.
- Required:**
Calculate total stockholders' equity at the end of the year.
- Mini-Exercise 2.3** **Understanding income statement relationships** During the year, net sales were \$125,000; gross profit was \$50,000; net income was \$20,000; income tax expense was \$5,000; and selling, general, and administrative expenses were \$22,000.
- Required:**
Calculate cost of goods sold, income from operations, income before taxes, and interest expense. (Hint: Exhibit 2-2 may be used as a solution model.)

Problems

All applicable Problems are available with McGraw-Hill's Connect™ Accounting.

- Problem 2.15** **Calculate cash available upon liquidation of business** Circle-Square, Ltd., is in the process of liquidating and going out of business. The firm's balance sheet shows \$22,800 in cash, accounts receivable of \$114,200, inventory totaling \$61,400, plant and equipment of \$265,000, and total liabilities of \$305,600. It is estimated that the inventory can be disposed of in a liquidation sale for 80 percent of its cost, all but 5 percent of the accounts receivable can be collected, and plant and equipment can be sold for 190,000.
- Required:**
Calculate the amount of cash that would be available to the owners if the accounts receivable are collected, the other assets are sold as described, and the liabilities are paid off in full.
- Problem 2.16** **Calculate cash available upon liquidation of business** Kimber Co. is in the process of liquidating and going out of business. The firm's accountant has provided the following balance sheet and additional information:

Assets		
Cash	36,800	\$ 36,800
Accounts receivable	125,200	125,200
Merchandise inventory	229,400	229,400
Total current assets		\$391,400
Land	102,000	\$ 102,000
Buildings & equipment	686,000	686,000
Less: Accumulated depreciation	(891,000)	
Total land, buildings, & equipment		397,000
Total assets		\$788,400

(continued)

- **Chapter Summaries and Key Terms and Concepts** promote greater retention of important points and definitions as well as facilitate review.
- **Demonstration Problems** drive students to the Marshall/McManus/Viele Online Learning Center (www.mhhe.com/marshall10e) to view a fully worked-out problem with solution.
- **Self-Study Material** is an additional online resource located on the Online Learning Center (www.mhhe.com/marshall10e). The quizzes help students test their knowledge and understanding of chapter concepts. Results are tabulated and can be routed to multiple e-mail addresses if necessary.
- **Self-Study Quizzes** feature multiple-choice and matching questions. Answers for this section are given on the final page of each chapter.
- **Mini-Exercises** are new to this edition and are designed to be used as simple in-class demos to highlight key relationships and calculations or as simple take-home assignments.
- **Exercises** give students a chance to practice using the knowledge gained from working through the chapter material.
- **Problems** challenge students to apply what they have learned. Specific problems are tied to the Campbell's 2011 Annual Report, excerpts of which are included at the back of the text, bringing a strong, real-world flavor to the assignment material.
- **Cases** allow students to think analytically about topics from the chapter and apply them to business decisions.
- **A Continuous Case** is provided for Chapters 4, 6, 8 and 11 to allow the student to link concepts learned in earlier chapters to what they learn in later chapters. It also allows for an understanding of how the material works together to form a larger picture.
- **Icons** identify exercises, problems, and cases involving Excel Templates, the Campbell's 2011 Annual Report, and Connect Accounting.

McGraw-Hill *Connect Plus Accounting* is a complete online assignment, learning, and textbook assessment solution that connects your students with the tools and resources needed to achieve success through faster learning, more efficient studying, and higher retention of knowledge. Key features found in *Connect Plus Accounting* include:

Intelligent Response Technology

Intelligent Response Technology is *Connect Accounting's* new student interface for end-of-chapter assessment content. Intelligent Response Technology provides a general journal application that looks and feels more like what you would find in a general ledger software package, improves answer acceptance to reduce student frustration with formatting issues (such as rounding), and, for select questions, provides an expanded table that guides students through the process of solving the problem.

view transaction list
view general journal

Journal Entry Worksheet

1 2 3 4 5 6 7

Two-thirds of the work related to \$12,000 cash received in advance is performed this period.

Transaction	General Journal	Debit	Credit
a.	Unearned fee revenue	8,000	
	Fee revenue		8,000
	Unearned fee revenue		

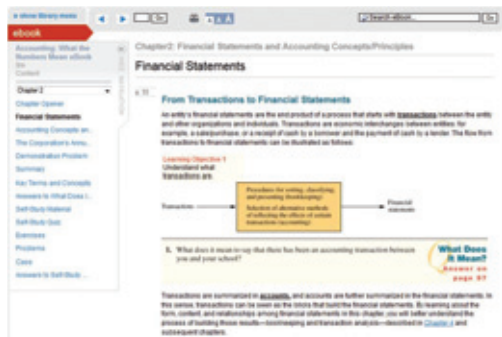
*Enter debits before credits

done
clear transaction
record transaction

view transaction list
journal entry worksheet

Transaction	General Journal	Debit	Credit
a.	Unearned fee revenue	8,000	
	Fee revenue		8,000
b.	Wages expense	10,000	
	Wages payable		10,000
c.	Depreciation expense	10,840	
	Accumulated depreciation		10,840

Connect Accounting helps students learn more efficiently by providing feedback and practice material when they need it, where they need it. *Connect* grades homework automatically and gives immediate feedback on any questions students may have missed.



Integrated eBooks

Connect Plus includes a media-rich eBook. With it, you can share your notes with your students, and they can insert their own notes, highlight the text, search for specific information, and review their materials. Using an eBook with *Connect* gives your students a complete digital solution that allows them to access their materials from any computer. And over time, as more and more students use mobile devices, our eBooks will even enable them to learn on the go.

Guided Examples

Guided Examples provide narrated, animated, and step-by-step walkthroughs of algorithmic versions of assigned exercises in *Connect Accounting*, allowing the student to identify, review, or reinforce the concepts and activities covered in class. Guided Examples provide immediate feedback and focus on the areas where students need the most guidance.

Student Resource Library

The *Connect Accounting* Student Study Center gives access to additional resources such as recorded lectures, online practice materials, an eBook, and more.

The integrated solutions for *Accounting: What the Numbers Mean, 10e*, have been proven to help you achieve your course goals of improving student readiness, enhancing student engagement, and increasing their comprehension of content. Marshall continues to be the market-leading text for the Survey of Accounting course, helping students to succeed through clear and concise writing, a conceptual focus, and unparalleled technology support. The Marshall solution employs the use of current companies and instant feedback on practice problems to help students engage with course materials, comprehend the content, and achieve higher outcomes in the course.

McGraw-Hill *Connect* provides many valuable learning resources to students, including **Guided Examples**. These narrated and animated videos are available to students as they work through homework assignments and can be viewed anytime, anywhere. Finally, our new **Intelligent Response Technology**-based content offers students an intelligent homework experience that helps them stay focused on learning instead of navigating the technology.

Simple Assignment Management and Smart Grading

With *Connect Plus Accounting*, creating assignments is easier than ever, so you can spend more time teaching and less time managing. *Connect Accounting* enables you to:

- Create and deliver assignments easily with select end-of-chapter questions and test bank items.
- Go paperless with the eBook and online submission and grading of student assignments.
- Have assignments scored automatically, giving students immediate feedback on their work and side-by-side comparisons with correct answers.
- Reinforce classroom concepts with practice tests and instant quizzes.

Student Reporting

Connect Accounting keeps instructors informed about how each student, section, and class is performing, allowing for more productive use of lecture and office hours. The reporting function enables you to:

- View scored work immediately and track individual or group performance with assignment and grade reports.
- Access an instant view of student or class performance relative to learning objectives.
- Collect data and generate reports required by many accreditation organizations, such as AACSB and AICPA.
- Identify low-performance students with the “At Risk” student report.



Instructor Library

The *Connect Accounting* Instructor Library is your repository for additional resources to improve student engagement in and out of class. You can select and use any asset that enhances your lecture. The *Connect Accounting* Instructor Library includes: access to the eBook version of the text, PowerPoint files, Solutions Manual, Instructor Resource Manual, and Test Bank.

Tegrity: Lectures 24/7

Make your classes available anytime, anywhere. With simple one-click recording, instructors can record lectures, presentations, and step-by-step problem solutions with Tegrity. Using Tegrity with *Connect Accounting*, instructors can post recordings directly to *Connect* for student viewing. Students can also search for a word or phrase and be taken to the exact place in your lecture that they need to review.



To learn more about Tegrity, watch a two-minute Flash demo at <http://tegritycampus.mhhe.com>.

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How Can Text-Related Web Resources Enrich My Course?

Online Learning Center (OLC)

We offer an Online Learning Center (OLC) that follows *Accounting: What the Numbers Mean* chapter by chapter. It doesn't require any building or maintenance on your part. It's ready to go the moment you and your students type in the URL: www.mhhe.com/marshall10e

As students study and learn from *Accounting: What the Numbers Mean*, they can visit the Student Edition of the OLC Website to work with a multitude of helpful tools:

- Interactive Chapter Quizzes
- PowerPoint Presentations
- Excel Problems
- Study Guide
- Demonstration Problems
- Odd-Problem Solutions

A secured Instructor Edition stores essential course materials to save you prep time before class. Everything you need to run a lively classroom and an efficient course is included. All resources available to students, plus . . .

- Instructor's Resource Manual
- Solutions Manual
- Solutions to Excel Problems
- Test Bank
- Guided Examples
- PowerPoint Presentations
- Web-Enhanced Solutions
- End-of-Chapter Conversion Guide

The OLC Website also serves as a doorway to other technology solutions, like course management systems.



Online Course Management

McGraw-Hill Higher Education and Blackboard Have Teamed Up. What Does This Mean for You?

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As your students study, they can refer to the OLC website and access

- Check Figures and Odd-Problem Solutions
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- PowerPoint Presentations
- Excel Problems
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Instructor's Manual

(Available on the password-protected Instructor OLC)

This supplement contains the lecture notes to help with classroom presentation. It contains useful suggestions for presenting key concepts and ideas.

Solutions Manual

(Available on the password-protected Instructor OLC)

This supplement contains completely worked-out solutions to all assignment material and a general discussion of the use of group exercises. In addition, the manual contains suggested course outlines and a listing of exercises, problems, and cases scaled according to difficulty.

Test Bank

(Available on the password-protected Instructor OLC)

Hundreds of questions are organized by chapter and include multiple-choice problems. This edition of the test bank includes worked-out solutions, and all items have been tied to AACSB-AICPA and Bloom's standards.

Computerized Test Bank

(Available on the password-protected Instructor OLC)

This test bank utilizes McGraw-Hill's EZ Test software to quickly create customized exams. This user-friendly program allows instructors to sort questions by format, edit existing questions, or add new ones. It also can scramble questions for multiple versions of the same test.

PowerPoint® Presentations

(Prepared by Jon A. Booker, Charles W. Caldwell, Susan Galbreath, and Cynthia J. Rooney)

Presentations allow for revision of lecture slides.

Assurance of Learning Ready



Many educational institutions today are focused on the notion of assurance of learning, an important element of some accreditation standards. *Accounting: What the Numbers Mean* is designed specifically to support your assurance of learning initiatives with a simple, yet powerful solution. Each test bank question for *Accounting: What the Numbers Mean* maps to a specific chapter learning objective listed in the text. You can use our test bank software, EZ Test Online or *Connect Accounting* to easily query for learning objectives that directly relate to the learning objectives for your course. You can then use the reporting features of EZ Test to aggregate student results in similar fashion, making the collection and presentation of assurance of learning data simple and easy.

AACSB Statement



The McGraw-Hill Companies is a proud corporate member of AACSB International. Understanding the importance and value of AACSB accreditation, *Accounting: What the Numbers Mean* recognizes the curricula guidelines detailed in the AACSB standards for business accreditation by connecting selected questions in the test bank to the six general knowledge and skill guidelines in the AACSB standards. The statements contained in *Accounting: What the Numbers Mean* are provided only as a guide for the users of this textbook. The AACSB leaves content coverage and assessment within the purview of individual schools, the mission of the school, and the faculty. While *Accounting: What the Numbers Mean* and the teaching package make no claim of any specific AACSB qualification or evaluation, we have within *Accounting: What the Numbers Mean* labeled select questions according to the six general knowledge and skills areas.

Enhancements for This Edition

Chapter 1:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- New discussion of the *FASB Accounting Standards Codification* and the role of *Accounting Standards Updates (ASUs)*.
- Updated references to Campbell’s annual report information.
- Expanded discussion of international financial reporting issues with emphasis on the progress made in recent years to achieve convergence of IFRS and U.S. GAAP.
- Streamlined discussion of the Conceptual Framework project with an integration of *FASB Concepts Statement No. 8* and the removal of the “Highlights” of *Concepts Statement No. 1* exhibit.
- Further clarification provided in the Plan of the Book section including a new “Resources for Students” subsection, highlighting the key features offered on our text’s website.
- General update of all Exercises.
- Complete revision of all even-numbered Exercises.

Chapter 2:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Updated terminology used in the financial statements from Owners’ Equity to Stockholders’ Equity to reflect the text’s emphasis on corporate financial reporting.
- Updated references to Campbell’s annual report information.
- Deleted the Cash Flows versus Accrual Accounting “Business in Practice” box, as well as the “Business on the Internet” box to improve the chapter’s efficiency.
- New Mini-Exercises (6) to emphasize computational-type learning objectives.
- General update of all Exercises, Problems, and Cases.

- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 3:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Deleted the “Business on the Internet” box to improve the chapter’s efficiency.
- Integration of Campbell’s annual report information for the financial and graphical analyses of profitability and liquidity trends.
- New Mini-Exercises (6) to emphasize computational-type learning objectives.
- New “Focus company” Case on the analysis of liquidity and profitability measures.
- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 4:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Deleted the “Business on the Internet” box to improve the chapter’s efficiency.
- Updated references to Campbell’s annual report information.
- New Mini-Exercises (4) to emphasize computational-type learning objectives.
- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 5:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.

- Integration and analysis of Campbell’s annual report information for the accounting and presentation of current assets including cash, accounts receivable, and inventories.
- Reduced coverage of Short-Term Marketable Securities, deleted The Impact of Inventory Quantity Changes section, and deleted the Deferred Assets section to improve the chapter’s efficiency.
- New “The IFRS Approach” boxes (3) highlighting key differences between U.S. GAAP and IFRS with respect to the valuation and reporting of inventories.
- Simplified the discussion of inventory errors by including an illustration of “as reported” and “as corrected” data over a two-year period for self-correcting errors.
- New Mini-Exercises (6) to emphasize computational-type learning objectives.
- New “Focus company” Case on accounts receivable and inventory disclosures.
- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 6:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Integration and analysis of Campbell’s annual report information for the accounting and presentation of property, plant, and equipment, and other noncurrent assets.
- New “The IFRS Approach” boxes (2) highlighting key differences between U.S. GAAP and IFRS with respect to the valuation and reporting of property, plant, and equipment.
- New Focus on the Big Picture “Study Suggestion” box.
- New Mini-Exercises (6) to emphasize computational-type learning objectives.
- New “Focus company” Case on property, plant, and equipment disclosures.
- General update of all Exercises, Problems, and Cases.

- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 7:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Integration and analysis of Campbell’s annual report information for the accounting and presentation of liabilities.
- Deleted the Gross and Net Methods of Recording Purchases “Business in Practice” box, deleted the “Business on the Internet” box, and streamlined the Bond Discount and Premium exhibit to improve the chapter’s efficiency.
- New Mini-Exercises (4) to emphasize computational-type learning objectives.
- New “Focus company” Case on noncurrent liability disclosures.
- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 8:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Integration and analysis of Campbell’s annual report information for the accounting and presentation of stockholders’ equity.
- New Mini-Exercises (4) to emphasize computational-type learning objectives.
- New “Focus company” Case on stockholders’ equity disclosures.
- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 9:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.

Enhancements for This Edition

- Deleted the “Business on the Internet” box to improve the chapter’s efficiency.
- Integration and analysis of Campbell’s annual report information for the presentation and disclosure of income statement and statement of cash flows data.
- New “The IFRS Approach” boxes (3) highlighting key differences between U.S. GAAP and IFRS with respect to the valuation of revenues, expenses, gains, and losses.
- New Mini-Exercises (4) to emphasize computational-type learning objectives.
- New “Focus company” Cases (2) on income statement and statement of cash flows analysis.
- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 10:

- Chapter title changed to reflect updated terminology, with “Notes to the Financial Statements” replacing “Explanatory Notes.”
- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Corporate Governance discussion updated with references to the impact of the financial crisis of 2007–2008 and the key provisions of the Dodd–Frank Act of 2010.
- “Financial Shenanigans” exhibit expanded to include new categories and content.
- Deleted “Study Suggestion” box to improve the chapter’s efficiency.
- Integration and analysis of Campbell’s annual report information for the Notes to the Financial Statements section of the chapter.
- “Non-GAAP Financial Measures” described within the Management Discussion and Analysis section.
- New Mini-Exercises (2) to emphasize computational-type learning objectives.
- New “Focus company” Case to find various accounting policy disclosures.

- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 11:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Deleted “Study Suggestion” box to improve the chapter’s efficiency.
- Integration and analysis of Campbell’s annual report information for the performance of financial ratio analysis.
- New Mini-Exercises (4) to emphasize computational-type learning objectives.
- New “Focus company” Case on financial statement analysis.
- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 12:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Enhanced graphic and presentation of Expanded Contribution Margin Model.
- New Mini-Exercises (6) to emphasize computational-type learning objectives.
- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 13:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Enhanced graphic of the Cost Accumulation and Assignment process.

- Integration and analysis of Campbell’s annual report information for manufacturing inventories, cost of products sold, and operating income performance.
- Conversion of “Business on the Internet” boxes to “FYI” boxes.
- New Mini-Exercises (6) to emphasize computational-type learning objectives.
- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 14:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Conversion of “Business on the Internet” boxes to “FYI” boxes.
- New Mini-Exercises (6) to emphasize computational-type learning objectives.
- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 15:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Revised complete presentation order of Standard Cost Variance Analysis in order to provide for a more natural conceptual flow.

- Created new graphical summary overview of the budget variance illustration.
- Conversion of “Business on the Internet” boxes to “FYI” boxes.
- New Mini-Exercises (6) to emphasize computational-type learning objectives.
- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Chapter 16:

- Overall chapter content revisions for clarity and general updates.
- Refocused chapter learning objectives to align with Bloom’s Taxonomy.
- Enhanced graphical relationship presentation of the PV of expected cash flows, NPV, and IRR.
- Conversion of “Business on the Internet” boxes to “FYI” boxes.
- New Mini-Exercises (6) to emphasize computational-type learning objectives.
- General update of all Exercises, Problems, and Cases.
- Complete revision of all even-numbered Exercises and Problems.
- New guided example video demonstrations.

Epilogue:


- Overall content revisions for clarity and additions for current updates.
- New graphic updating IFRS adoption around the world.
- New graphics and presentation of accounting as an information system.
- Conversion of “Business on the Internet” boxes to “FYI” boxes.



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