

Building Success in Intermediate

As your students embark on their professional careers, they will be challenged to think critically and make good decisions. This new IFRS edition of *Intermediate Accounting* has been designed to ensure that your students' careers are built upon a solid conceptual foundation that explains and presents the application of the IFRS clearly and in the engaging and conversational style of the original Spiceland text.

Intermediate Accounting: IFRS Edition is the work of an expanded team of talented authors that include three new authors who have taught and researched extensively on IFRS-related issues. The authors bring their rich pool of experience and knowledge of IFRS and insights on the real-world impact of the IFRS to the textbook. The IFRS edition presents a wealth of explanations, illustrations, real-world cases and challenging problems to equip accounting students worldwide with a rigorous understanding of the IFRS and their applications. It is built upon the strengths of the original Spiceland text that draws upon the feedback of more than 600 faculty reviewers who shared their insights, experience, and opinions with us. Our reviewers helped us to build *Intermediate Accounting* into the very best learning system available.

Our development process on the original Spiceland text began in the spring of 2010, when we received the first of what would become more than 140 in-depth reviews of *Intermediate Accounting*. A blend of Spiceland users and non-users, these reviewers explained how they use textbooks in their teaching, and many answered detailed questions about every one of Spiceland's 21 chapters. And the work of improving

Intermediate Accounting is ongoing—even now, we're scheduling new symposia and reviewers' conferences to collect even more opinions from faculty. *Intermediate Accounting* was designed from the start to be not simply a textbook, but a complete learning system, encompassing the textbook and key ancillaries, all of which are written by the authors. *Intermediate Accounting: IFRS Edition* continues the strong tradition of the original text with its unique learning features but includes completely new in-depth content that is based on the IFRS.



Accounting: IFRS Edition

Intermediate Accounting: IFRS Edition is aimed to provide a rich learning experience for our global audience.

The *Intermediate Accounting* learning system is built around these key attributes:

- ① **Clarity:** Reviewers, instructors, and students all have hailed *Intermediate Accounting's* ability to explain both simple and complex topics in language that is clear and approachable. Its highly acclaimed conversational writing style establishes a friendly dialogue between the text and each individual student. So readable is Spiceland that we've even received letters from students who bought the book themselves—despite their instructors using competing books in the course! The *IFRS Edition* continues with the winning style of the original Spiceland text: rigorous IFRS content that is presented in a clear, readable and engaging manner.
- ② **A Decision-Making Perspective:** Recent events have focused public attention on the key role of accounting in providing information useful to decision makers. Most professional accounting exams around the world, too, are redirecting their focus to emphasize the professional skills needed to critically evaluate accounting method alternatives. *Intermediate Accounting* provides a decision maker's perspective to emphasize the professional judgment and critical thinking skills required of accountants today.
- ③ **Consistent Quality:** The author team ensures seamless compatibility throughout the Spiceland learning package by writing every major supplement themselves: Instructor's Resource Manual, Solutions Manual, and Testbank are all created by the authors. The end-of-chapter material, too, is written by the author team and tested in their classrooms before being included in *Intermediate Accounting*.
- ④ **A Commitment to Currency:** Few disciplines see the rapid change that accounting experiences, and the Spiceland team is committed to keeping your course up to date. The IFRS Edition fully integrates the suite of IFRS that are relevant to intermediate accounting students worldwide, and presents the latest IASB standards, including *IAS No. 19 Employee Benefits* (2013), *IFRS No. 9 Financial Instruments* and *IFRS No. 13 Fair Value Measurement*. The authors have also added supplements and/or appendices addressing the joint IASB/FASB projects on revenue recognition, leases and financial instruments.

What Stands Out in the IFRS Edition

Financial accounting is undergoing a period of unprecedented change. Many countries have adopted or have time lines to converge with or adopt the IFRS. The global reach of the IFRS is extensive. The IFRS provide a framework of principles and requirements which guide the decisions of preparers around the world in dealing with the recognition, measurement, and disclosure decisions relating to financial reporting. In working towards a global set of accounting standards, the IASB and FASB have issued and are in the process of issuing converged accounting standards that will dramatically change key reporting areas. However, the IASB and FASB's convergence process is proceeding slowly, and it is not clear when, if ever, the two sets of standards will be fully incorporated into a single set of global standards. So, while there currently is considerable overlap between IFRS and U.S. GAAP, and that overlap is increasing as convergence continues, important differences between IFRS and U.S. GAAP will remain for the foreseeable future. The convergence movement and other dynamic events have caused the standards to change at a rapid pace. What is critically important is that the students of today (who will be the accountants of tomorrow) should develop strong competencies in the IFRS and be aware of the impending changes in specific reporting areas and the differences between IFRS and U.S. GAAP that remain.

To help instructors deal with the challenging environment, the Spiceland team is committed to extending current, comprehensive and clear coverage of intermediate accounting to an IFRS context. The IFRS edition is truly an IFRS book with substantial new materials that relate to the unique features of the IFRS, such that the reader would not have to figure out how to apply the IFRS from a U.S. GAAP position. The IFRS edition has been written for the accounting student in the global IFRS community and with the sole purpose of ensuring that its readers would develop strong competencies in the IFRS. The text, illustrations, end-of-chapter questions and instructor resources are new materials that provide detailed coverage on the requirements of the IFRS. Toward this end, the original Spiceland team has been expanded to include three new co-authors who have substantial expertise in the teaching of, and research on, the IFRS as well as the writing of IFRS textbooks.

The IFRS edition reflects the commitment of the Spiceland team with the following innovations:

- 1** Changes in text material to reflect the accounting concepts and principles that are based on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as well as the latest developments in the IFRS. Examples include revisions to the conceptual framework, recognizing revenue on multiple-element arrangements, accounting for transfers of receivables as sales vs. secured borrowings, impairments of debt and equity investments, investment property, financial instruments and defined benefit plans. The latest changes in accounting for retirement benefit plans are featured in this edition.
- 2** New and challenging end-of-chapter questions on the application of the IFRS are provided to ensure that readers develop strong competencies in the IFRS.
- 3** Enhanced coverage is provided of IFRS standard setting and the convergence process.

Revising a book as successful as *Intermediate Accounting* takes careful consideration and a strong vision of what a textbook should be. New features aren't piled on for their own sake; the Spiceland team only implements changes that constitute real improvements that have been identified through extensive research with users. The result is a book that never loses its original strengths as it gains in usefulness and flexibility with each revision.

4 Increased coverage of the key differences between IFRS and U.S. GAAP is provided in IFRS versus U.S. GAAP boxes within the flow of each chapter, and discussions of the particular areas in which convergence is taking place, along with enhanced end-of-chapter assignment materials to test students' understanding of those differences.

5 Coverage of the three joint IASB/FASB projects on revenue recognition, financial instruments and leases in Chapters 5, 12, and 15, respectively, based on the current status of these projects as the text went to press. The Chapter 5 Where We're Headed Supplement provides a thorough treatment of the proposed standard on revenue recognition and is supported by end-of-chapter questions, exercises, and problems to encourage students to gauge and reinforce their understanding of concepts, and new test bank questions to evaluate students' mastery of the new standard. Chapter 12 provides a full-length appendix on *IFRS No. 9 Financial Instruments* that takes effect for periods beginning on or after January 1, 2015. Readers of the text will appreciate the different criteria that apply to the classification of financial assets and financial liabilities in the incumbent standard *IAS No. 39 Financial Instruments: Recognition and Measurement* and the new standard *IFRS No. 9*. Given the long lead time to implementation, accounting students need to know both the existing standards and the forthcoming changes. Hence, the team sought to provide coverage of new standards in addition to retaining extensive coverage of existing IFRS. Even after the new standards are issued, previous IFRS will be relevant until the new standards become effective. However, prior to the effective date of the new standards, it is useful for soon-to-be graduates to have an understanding of the new guidance on the horizon.

6 Use of accounting terminology that is consistent with the language of the IFRS.

7 Featuring real-world examples from international companies that report under the IFRS. Examples include extracts from the management review, directors' report, auditors' report, financial statements, and disclosure notes of these companies to familiarize students with financial reporting under the IFRS.

8 Incorporating new real-world cases on Singapore Airlines and other international companies in most of the chapters' end-of-chapter questions. These real-world cases allow students to relate and apply the accounting concepts and principles that they have learned to real-world situations.

What hasn't changed for the IFRS Edition? The Spiceland text will not waver in its commitment to making the complex seem simple and providing rigorous coverage in a clear, approachable fashion. The conversational writing style is maintained, as is the authors' personal preparation of supporting materials such as the solution's manual and the test bank, so that the instructor can be confident that the same commitment to excellence is reflected consistently between the text and supporting materials.

What stands out in the IFRS Edition is what makes the Spiceland text outstanding—no other text is as current, comprehensive, or clear—the “3 C's” of intermediate accounting.

What Keeps SPICELAND Users Coming Back?

Where We're Headed

These boxes describe the potential financial reporting effects of many of the IASB and FASB joint projects intended to further align IFRS and U.S. GAAP, as well as other projects the Boards are pursuing separately. Where We're Headed boxes allow instructors to deal with ongoing projects to the extent they desire.

WHERE WE'RE HEADED

The IASB and FASB are working together on a comprehensive revenue-recognition standard.

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The IASB and FASB are in the process of finalizing an updated accounting standard that provides a new, comprehensive approach to revenue recognition. Why? Currently, the IASB has two primary standards (IAS No. 11 and IAS No. 18) that sometimes contradict each other and that don't offer guidance in some important areas (like multiple deliverables).³³ The FASB has over 100 revenue-related standards that also sometimes contradict each other and that the FASB define revenue recognition guidance typically different outcomes to industry-specific percentage-of-

"Where We're Headed" boxes allows the students to be updated with the most current accounting changes without inundating them with needless technical specifications. A perfect balance!"

—Cheryl Bartlett, *Indiana University—South Bend*

Financial Reporting Cases

Each chapter opens with a Financial Reporting Case that places the student in the role of the decision maker, engaging the student in an interesting situation related to the accounting issues to come. Then, the cases pose questions of the student in the role of decision maker. Marginal notations throughout the chapter point out locations where each question is addressed. The case questions are answered at the end of the chapter.



FINANCIAL REPORTING CASE SOLUTION

1. How should you respond? Why are held-to-maturity securities treated differently from other investment securities? (p. 650) You should explain that if an investor has the positive intent and ability to hold the securities to maturity, investments in debt securities may be classified as held-to-maturity and reported at amortized cost in the statement of financial position. Increases and decreases in fair value are not reported in the financial statements. The reasoning is that the changes are not as relevant to an investor's decision-making process. Changes in the fair value of securities that mature to a point where an alternative investment opportunity is subject to "fair value through profit or loss" classification.

"The case at the beginning of each chapter is very captivating. After I read the case, I wanted to get paper and pencil and answer the questions."

—Carol Shaver, *Louisiana Tech University*


Decision Makers' Perspective

These sections appear throughout the text to illustrate how accounting information is put to work in today's firms. With professional accounting exams around the world placing greater focus on application of skills in realistic work settings, these discussions help your students gain an edge that will remain with them as they enter the workplace.

DECISION MAKERS' PERSPECTIVE

INVENTORY MANAGEMENT Managers closely monitor inventory levels to (1) ensure that the inventories needed to sustain operations are available, and (2) hold the cost of ordering and carrying inventories to the lowest possible level.¹² Unfortunately, these objectives often conflict with one another. Companies must maintain sufficient quantities of inventory to meet customer demand. However, maintaining inventory is costly. Fortunately, a variety of tools are available to help reduce the cost of inventory, such as the outsourcing of inventory management objectives.¹³

A **just-in-time (JIT) system** is often adopted to assist them with inventory management.



"This is an excellent feature of the book. It is so important to know why and how information is used and not just memorizing the "right" answers."

—Jeff Mankin, *Lipscomb University*

¹² The cost of carrying inventory includes the po

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How Does Spiceland Help My Students Improve Their Performance?

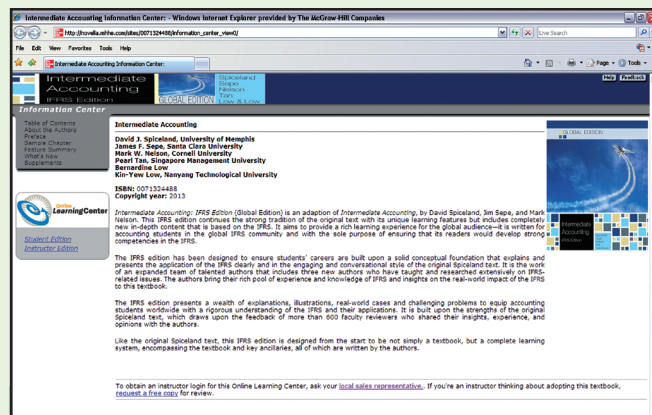
Online Learning Center (OLC)

www.mheducation.com/olc/spiceland

Today's students are every bit as comfortable using a web browser as they are reading a printed book. That's why we offer an Online Learning Center (OLC) that follows *Intermediate Accounting* chapter by chapter. It doesn't require any building or maintenance on your part, and is ready to go the moment you and your students type in the URL.

As your students study, they can refer to the OLC website for supplementary help and benefits such as IFRS and text updates.

A secured Instructor Resource Center stores your essential course materials to save you prep time before class. The Instructor's Resource Manual, Solutions Manual, PowerPoint, and sample syllabi are now just a couple of clicks away.



A Great Learning System Doesn't Stop with the Book

Instructor Supplements

Assurance of Learning Ready

Many educational institutions today are focused on the notion of *assurance of learning*, an important element of some accreditation standards. *Intermediate Accounting* is designed specifically to support your assurance of learning initiatives with a simple, yet powerful solution.

Each test bank question for *Intermediate Accounting* maps to a specific chapter learning objective listed in the text. Match the text's learning objectives with the learning objectives for your course, and you can then use the test bank questions to collect and present assurance of learning.

AACSB Statement

The McGraw-Hill Companies is a proud corporate member of AACSB International. Understanding the importance and value of AACSB accreditation, *McGraw-Hill's Accounting series* recognizes the curricula guidelines detailed in the AACSB standards for business accreditation by connecting selected questions in the text and the test bank to the six general knowledge and skill guidelines in the AACSB standards.

The statements contained in *Intermediate Accounting* 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 *Intermediate Accounting* and the teaching package make no claim of any specific AACSB qualification or evaluation, we have within *Intermediate Accounting* labeled selected questions according to the six general knowledge and skills areas.

Instructor's Resource Manual

This manual provides for each chapter: (a) a chapter overview; (b) a comprehensive lecture outline; (c) extensive teaching transparency masters that can be modified to suit an instructor's particular needs or preferences; (d) a variety of suggested class activities (real world, ethics, professional development activities including research, analysis, communication and judgment, and others); and (e) an assignment chart indicating topic, learning objective, and estimated completion time for every question, exercise, problem, and case.

Solutions Manual

The Solutions Manual includes detailed solutions for every question, exercise, problem, and case in the text.

Instructor's CD-ROM

ISBN-13: 978 1 259 01215 0 (ISBN-10: 1 259 01215 8)

This all-in-one resource contains the Instructor's Resource Manual, Solutions Manual, Testbank Word files, and PowerPoint® slides.

Testbank

The **Testbank** is a key component of our Learning System. An extensive review process was undertaken to ensure the most complete, accurate, rigorous, and flexible Testbank available. Greater variety was added at each level of rigor. It has been revised for all changes and additions to the text. For example, new materials on the proposed standard on revenue recognition in the Where We're Headed chapter supplement in Chapter 5 were added to the Testbank and Instructor Resource Manual.

Online Learning Center (OLC): www.mheducation.asia/olc/spiceland

Intermediate Accounting authors know from their years of teaching experience what separates a great textbook from a merely adequate one. Every component of the learning package must be imbued with the same style and approach, and that's why the *Intermediate Accounting* authors write every major ancillary themselves, whether printed or online. It's one more thing that sets *Intermediate Accounting* far above the competition.

Student Supplements

Text Update

Students can check the OLC for online realtime updates or additions to the text or additional resources.

IFRS Update

Updates of major changes to the IFRS covered in the IFRS will be posted on the OLC.

"This is a well-written text, with good integration. It has a full range of computerized and other support materials; and the authors personally write and check the practice questions, examples, and text items."

—Elaine Henry, *University of Miami*

"The quality of the material presented is second to none. Chapters can be re-arranged as we constantly improve our accounting curriculum. Most important, students will read this book! The end-of-chapter material is outstanding."

—Barbara Reider, *University of Montana*

What's New in the IFRS Edition?

Chapter 1

ENVIRONMENT AND THEORETICAL STRUCTURE OF FINANCIAL ACCOUNTING

- Expanded the discussion of the history of standard setting in IASB, the structure of the IASB and its supporting organizations, and the roles of each supporting organization.
- Included a discussion of the IASB's standard setting due process and expanded the discussion of politics in IASB standard setting.
- Expanded the discussion of principles-based and rules-based standards, and compared and contrasted the two approaches to standard setting.
- Included a discussion of the IASB's conceptual framework, including the IASB's definition of an asset, liability, equity, income, and expenses, the IASB's revenue recognition criteria, and concepts of capital, capital maintenance, and profit determination.
- Added end-of-chapter questions on the IASB and its supporting organizations.
- Added a Singapore Airlines case related to the elements of financial statements and disclosures under IFRS.

Chapter 3

THE STATEMENT OF FINANCIAL POSITION AND FINANCIAL DISCLOSURES

- Changed the key accounting terminology to reflect the language used in IFRS.
- Replaced several illustrations of real world financials with the financials of companies using IFRS.
- Included an analysis of Singapore Airlines' liquidity and financing ratios, compared with those of Air France-KLM and Cathay Pacific Airways.
- Replaced end-of-chapter questions featuring real world companies with the financials of companies using IFRS.

Chapter 4

THE INCOME STATEMENT AND STATEMENT OF CASH FLOWS

- Revised the discussion of separately reported items to exclude the reporting of extraordinary items which is prohibited under IFRS.

- Included a discussion of what constitutes a discontinued operation under IFRS, and the proposed changes to the definition of discontinued operations that result from the convergence efforts of the IASB and the FASB.
- Replaced several illustrations of real world financials with the financials of companies using IFRS.
- Included discussion of the IFRS allowing flexibility in the classifications of interest received, dividends received, interest paid, and dividends paid in the statement of cash flows.
- Replaced end-of-chapter questions featuring real world companies with the financials of companies using IFRS.

Chapter 5

INCOME MEASUREMENT AND PROFITABILITY ANALYSIS

- Included discussions of the revenue recognition criteria under IFRS, accounting for revenue from installment sales under IFRS, the methods of accounting for long-term contracts under IFRS, and revenue recognition in situations of significant uncertainty.
- Replaced illustrations of real world financials with the financials of companies using IFRS.
- Included in the appendix a discussion of the differences between IFRS and U.S. GAAP in interim reporting.
- Included discussions of the differences between current IFRS and the proposed standard on revenue recognition in the chapter supplement on the joint IASB/FASB revenue recognition project.
- Included discussions of the differences between current IFRS and U.S. GAAP in accounting for revenue throughout the chapter and chapter supplement.
- Replaced end-of-chapter questions featuring real world companies with the financials of companies using IFRS.

Chapter 7

CASH AND RECEIVABLES

- Changed the key accounting terminology to reflect the language used in IFRS.
- Replaced several illustrations of real world financials with the financials of companies using IFRS.
- Replaced discussion of accounting for uncollectible accounts and notes

receivable to reflect the use of an incurred loss model as required under IFRS for financial assets (as opposed to an expected loss model allowed under U.S. GAAP).

- Added discussion of accounting for transfers of receivables as sales v. loans, and the circumstances under which transfers of receivables qualify for de-recognition under IFRS.

Chapter 8

INVENTORIES: MEASUREMENT

- Changed the key accounting terminology to reflect the language used in IFRS.
- Replaced several illustrations of real world financials with the financials of companies using IFRS.
- Added discussion of the reasons why IASB does not permit the use of the LIFO method.

Chapter 9

INVENTORIES: ADDITIONAL ISSUES

- Changed the key accounting terminology to reflect the language used in IFRS.
- Added discussion of the use of net realizable value (NRV) as the market value in the valuation of inventory at the lower of cost and market under IFRS.
- Added discussion of subsequent reversal of inventory write-downs to market under IFRS.

Chapter 10

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS: ACQUISITION AND DISPOSITION

- Changed the key accounting terminology to reflect the language used in IFRS.
- Replaced several illustrations of real world financials with the financials of companies using IFRS.
- Added discussion of accounting for investment property under IFRS.
- Added discussion of accounting for government grants under IFRS.
- Added discussion of accounting for borrowing costs incurred in relation to qualifying assets under IFRS.
- Added discussion of accounting for expenditures on research and development under IFRS.

This new IFRS edition of *Intermediate Accounting* includes the following list of changes and new in-depth content that is based on the IFRS.

Chapter 11

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS: UTILIZATION AND IMPAIRMENT

- Changed the key accounting terminology to reflect the language used in IFRS.
- Added discussion of accounting for changes in fair value of property, plant and equipment after initial measurement using the cost method and the revaluation method.
- Added discussion of accounting for changes in fair value of investment property after initial measurement using the cost method and the fair value method.
- Added discussion of accounting for subsequent change in use of property as property, plant and equipment vs. investment property.
- Added discussion of accounting for impairment in value of property, plant and equipment, investment property and intangible assets (finite-life intangible assets, indefinite-life intangible assets and goodwill) under IFRS.

Chapter 12

INVESTMENTS

- Included in-depth discussion of the measurement of financial assets under *IAS No. 39*.
- Explained and illustrated the accounting for investments in associates in the separate and consolidated financial statements.
- Explained the concepts and application of the incurred loss model under *IAS No. 39*.
- Enhanced discussion of fair value disclosures, including updates to reflect new requirements.
- Enhanced discussion of differences between IFRS and U.S. GAAP.
- Introduced a new appendix 12C that explains the accounting classifications under *IFRS No. 9*.
- Added real world cases related to accounting for investments using IFRS.

Chapter 13

CURRENT LIABILITIES AND CONTINGENCIES

- Included in-depth discussion and illustration of the IFRS requirements on provisions and contingencies.

- Presented detailed flowcharts to explain the differences between provisions, contingent liabilities, legal obligations and constructive obligations.
- Provided detailed explanations on more complex provisions e.g. onerous contracts and restructuring provisions.
- Enhanced discussion of asserted and unasserted legal claims.
- Enhanced discussion of differences between IFRS and U.S. GAAP.
- Added real world cases related to accounting for current liabilities and contingencies using IFRS.

Chapter 14

BONDS AND LONG-TERM NOTES

- Included explanations of the accounting for financial liabilities and the fair value option as applied to liabilities under IFRS.
- Provided detailed explanations and illustrations of accounting for convertible bonds in accordance with *IAS No. 32*.
- Incorporated in-depth explanations of accounting for more complex situations (e.g. debt modifications) under IFRS.
- Enhanced discussion of differences between IFRS and U.S. GAAP.
- Added financial ratio analysis using IFRS reported information from real-world cases
- Added real world cases related to accounting for bonds and long-term notes under IFRS.

Chapter 15

LEASES

- Explained and illustrated the principles-based approach of *IAS No. 17*.
- Included special illustrations on complex scenarios to illustrate the application of *IAS No. 17*, for example sale-leaseback transactions that are not at arms-length pricing.
- Highlighted the unique features of *IAS No. 17* in comparison with U.S. GAAP.
- Enhanced the explanations of the differences between IFRS and U.S. GAAP
- Added a Where We're Headed box to discuss the joint IASB/FASB lease accounting project, comparing the new proposed standard with existing IFRS.
- Added real world cases related to accounting for leases using IFRS.

Chapter 16

ACCOUNTING FOR INCOME TAXES

- Included in-depth discussion on the principles and application of the requirements of *IAS No. 12*, with particular emphasis on the balance sheet approach of *IAS No. 12*.
- Explained the special terms in *IAS No. 12*, for example, the concept of the "tax base"
- Improved the discussion on the reconciliation between the balance sheet approach and the income statement approach.
- Enhanced the discussion on the differences between IFRS and U.S. GAAP.
- Enhanced the discussion of the Coping with Uncertainty section.
- Added real world cases related to accounting for income taxes using IFRS.

Chapter 17

PENSIONS AND OTHER POSTEMPLOYMENT BENEFIT PLANS

- Included substantial new text on the revised *IAS No. 19* applicable with effect from periods beginning January 1, 2013.
- Provided in-depth illustrations of scenarios under the revised *IAS No. 19*.
- Revised and updated each of the integrated IFRS boxes to reflect the new IASB amendment to its postemployment benefit standard, *IAS No. 19*.
- Revised all related end-of-chapter assignment materials to test application of the revised *IAS No. 19*.
- Modified the discussion of comprehensive income to reflect the significance of other comprehensive income.
- Enhanced the discussion on the differences between IFRS and U.S. GAAP.
- Explained the conceptual underpinnings of the immediate expense versus amortization approaches.
- Added real world cases related to accounting for defined benefit plans using IFRS.

Chapter 18

SHAREHOLDERS' EQUITY

- Changed the key accounting terminology to reflect the language used in IFRS.
- Expanded the discussion of the reporting of attributes of other comprehensive

income in the financial statements by comparing IFRS and U.S. GAAP reporting of accumulated other comprehensive income.

- Expanded the discussion of share issue costs and debt transaction costs by comparing IFRS and U.S. GAAP accounting treatment of share issue and debt transaction costs.
- Revised and expanded the discussion of bonus issues and share splits by focusing on the IFRS treatment for bonus issue and share splits, comparing the IFRS and U.S. GAAP accounting treatment, and allowing for alternative treatments depending on the corporation laws of the country of incorporation.
- Replaced illustrations of real world financials with the financials of companies using IFRS.

- Replaced real world case with a Singapore Airlines case related to accounting for shareholders' equity under IFRS.

Chapter 19

SHARE-BASED COMPENSATION AND EARNINGS PER SHARE

- Included in-depth explanations and illustrations of *IFRS No. 2*.
- Provided explanations of the detailed processes under *IAS No. 33*.
- Enhanced the discussion on the differences between IFRS and U.S. GAAP.
- Added real-world cases related to accounting for share-based compensation and earnings per share using IFRS.

Chapter 21

STATEMENT OF CASH FLOWS REVISITED

- Expanded the discussion on differences between IFRS and U.S. GAAP in the classifications of interest received, dividends received, interest paid, and dividends paid in the statement of cash flows, and differences in the requirement to report the reconciliation between net income and net cash flows from operating activities.
- Replaced illustrations of real world financials with the financials of companies using IFRS.
- Replaced real world cases with Singapore Airlines cases related to the analysis of the statement of cash flows and statement of cash flows presentation under IFRS.

Acknowledgments

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