

中级会计学

(第十一版)

高等学校会计学类英文版教材



普通高等教育“十一五”国家级规划教材

Bazley Nikolai Jones

Intermediate Accounting 11e

余恕莲 改编

徐中平 审校



高等教育出版社
HIGHER EDUCATION PRESS

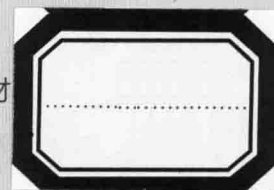
中级会计学

(第十一版)

高等学校会计学类英文版教材



普通高等教育“十一五”国家级规划教材



Bazley Nikolai Jones

Intermediate Accounting 11e

余恕莲 改编

徐中平 审校

zhongji kuaijixue



高等教育出版社·北京
HIGHER EDUCATION PRESS BEIJING

图字：01-2013-6048号

中级会计学（第十一版）

John D. Bazley, Loren A. Nikolai, Jefferson P. Jones

Copyright © 2010 South-Western, a part of Cengage Learning

Original edition published by Cengage Learning. All Rights Reserved. 本书原版由圣智学习出版公司出版。版权所有，盗印必究。

Higher Education Press Limited Company is authorized by Cengage Learning to publish and distribute exclusively this reprint-adaptation edition. This edition is authorized for sale in the People's Republic of China only (excluding Hong Kong, Macao SAR and Taiwan). Unauthorized export of this edition is a violation of the Copyright Act. No part of this publication may be reproduced or distributed by any means, or stored in a database or retrieval system, without the prior written permission of the publisher.

本书影印改编版由圣智学习出版公司授权高等教育出版社有限公司独家出版发行。此版本仅限在中华人民共和国境内（但不允许中国香港、澳门特别行政区及中国台湾地区）销售。未经授权的本书出口将被视为违反版权法的行为。未经出版者预先书面许可，不得以任何方式复制或发行本书的任何部分。

Cengage Learning Asia Pte. Ltd.

5 Shenton Way, # 01-01 UIC Building, Singapore 068808

本书封面贴有Cengage Learning防伪标签，无标签者不得销售。

图书在版编目（CIP）数据

中级会计学：第11版. 英文/（美）贝兹利

（Bazley, J. D.）,（美）尼古拉（Nikolai, L. A.）,（美）

琼斯（Jones, J. P.）著；余恕莲改编 --北京：高等

教育出版社，2014.2

书名原文：Intermediate accounting

ISBN 978-7-04-029020-2

I. ①中… II. ①贝… ②尼… ③琼… ④余… III.
①会计学-高等学校-教材 IV. ①F230

中国版本图书馆CIP数据核字（2014）第015318号

策划编辑 谢睿芳

责任编辑 谢睿芳

封面设计 张楠

版式设计 王艳红

责任校对 陈杨

责任印制 张福涛

出版发行 高等教育出版社
社址 北京市西城区德外大街4号
邮政编码 100120
印刷 北京天来印务有限公司
开本 850mm×1168mm 1/16
印张 52.25
字数 1600千字
购书热线 010-58581118

咨询电话 400-810-0598
网 址 <http://www.hep.edu.cn>
<http://www.hep.com.cn>
网上订购 <http://www.landaco.com>
<http://www.landaco.com.cn>
版次 2014年2月第1版
印次 2014年2月第1次印刷
定价 68.00元

本书如有缺页、倒页、脱页等质量问题，请到所购图书销售部门联系调换

版权所有 侵权必究

物料号 29020-00

内容简介

本改编教材首先介绍美国财务会计准则委员会 (FASB) 的财务报告概念框架, 阐述财务会计的基本理论及以财务报告目标为导向的会计准则, 进而通过财务报告的分析、应用及财务报表要素的确认、计量、报告和披露会计方法及程序, 诠释框架的理论。然后按照资产、负债、所有者权益的顺序全面、系统、深入地介绍财务报表各具体要素的会计确认、计量的准则和会计处理方法及账务处理程序, 追溯会计方法的演变, 剖析收益确认与净资产计量之间的关系以及资产、负债、股东权益等交易对现金流的影响, 解释财务报表要素的确认、计量之间的联系, 及其对报告收益的影响。教材内容密切联系FASB的会计准则, 并介绍《国际财务报告准则》(IFRS) 及其与U.S.GAAP的差别, 是会计学专业学生深入学习西方会计, 了解U.S.GAAP和IFRS, 学会分析和运用财务报告信息的首选教材。每章后还提供小结、复习题、选择题、练习题及问题和案例, 以帮助学生测试所学知识, 更好地掌握教材内容。

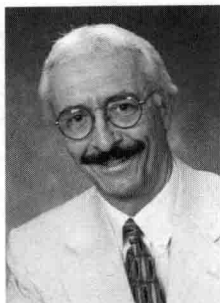
About the Authors

JOHN D. BAZLEY

John Bazley is the John J. Gilbert Professor in the School of Accountancy of the Daniels College of Business at the University of Denver, where he has received numerous teaching awards, including the University's Distinguished Teaching Award. Professor Bazley earned a B.A. from the University of Bristol in England and an M.S. and Ph.D. from the University of Minnesota. He has taught at the University of North Carolina at Chapel Hill and holds a CPA certificate in the state of Colorado. He has taught national professional development classes for a major CPA firm and was consultant for another CPA firm. Professor Bazley is the coauthor of *Intermediate Accounting* and has also been an author on three other accounting texts.

Professor Bazley has published articles in professional journals, including *The Accounting Review*, *Management Accounting*, *Accounting Horizons*, *Practical Accountant*, *Academy of Management Journal*, *The Journal of Managerial Issues*, and *The International Journal of Accounting*, and was a member of the Editorial Boards of *Issues in Accounting Education* and the *Journal of Managerial Issues*. He has served on numerous committees of The Federation of Schools of Accountancy (including chair of the Student Lyceum Committee), the American Accounting Association, and the Colorado Society of CPAs (including the Continuing Professional Education Board). He is also a coauthor of a monograph on environmental accounting published by the National Association of Accountants. Professor Bazley is a member of the American Institute of Certified Public Accountants, the Colorado Society of CPAs (CSCPA), and the American Accounting Association. He is a member of the Board of Trustees of the Educational Foundation of the CSCPA. He has recently appeared as an expert witness for the Securities and Exchange Commission and as a consultant for a defendant in a securities fraud case. Professor Bazley is married and has two children, who especially enjoy their three cats, one dog, and eleven reptiles. He enjoys skiing, playing golf, car racing, and listening to jazz.



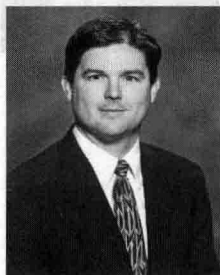


LOREN A. NIKOLAI

Loren Nikolai is the Ernst & Young Professor in the School of Accountancy at the University of Missouri—Columbia (MU). He received his B.A. and M.B.A. from St. Cloud State University and his Ph.D. from the University of Minnesota. Professor Nikolai has taught at the University of Wisconsin at Platteville and at the University of North Carolina at Chapel Hill. Professor Nikolai has received numerous teaching awards. He is the recipient of the MU Student-Athlete Advisory Council 2004 Most Inspiring Professor Award, the University of Missouri System 1999 Presidential Award for Outstanding Teaching, the MU Alumni Association 1996 Faculty Award, the MU College of Business 1994 Accounting Professor of the Year Award, the Missouri Society of CPAs 1993 Outstanding Accounting Educator of the Year Award, the MU 1992 Kemper Fellowship for Teaching Excellence, the St. Cloud State University 1990 Distinguished Alumni Award, and the Federation of Schools of Accountancy 1989 Faculty Award of Merit. He holds a CPA certificate in the state of Missouri and previously worked for the 3M Company. Professor Nikolai is the lead author of *Intermediate Accounting* and has also been an author on four other accounting textbooks.

Professor Nikolai has published numerous articles in *The Accounting Review*, *Journal of Accounting Research*, *The Accounting Educator's Journal*, *Journal of Accounting Education*, *The CPA Journal*, *Management Accounting*, *Policy Analysis*, *Academy of Management Journal*, *Journal of Business Research*, and other professional journals. He was also lead author of a monograph published by the National Association of Accountants. Professor Nikolai has served as an ad hoc reviewer for *The Accounting Review* and *Issues in Accounting Education*. He has made numerous presentations around the country on curricular and pedagogical issues in accounting education and was advisor for Beta Alpha Psi for twenty years.

Professor Nikolai is a member of the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), and the Missouri Society of CPAs (MSCPA). He has chaired and served on numerous committees of the AICPA, the MSCPA, the Federation of Schools of Accountancy (FSA), and the AAA. He is past president of the FSA and currently is serving on the Board of Directors of the MSCPA. Professor Nikolai is married and has two adult children, three grandsons, and four step-grandchildren. His family has two cats, and he is an avid golfer and weight lifter.



JEFFERSON P. JONES

Jeff Jones is the PricewaterhouseCoopers Associate Professor of Accounting in the School of Accountancy at Auburn University. He received his B.S. and Master of Accountancy from Auburn University and his Ph.D. from Florida State University. Professor Jones has received numerous teaching awards. He is the recipient of the 2004 Auburn University College of Business McCartney Teaching Award, the 2008, 2007, 2006, 2005, 2003, and 2001 Beta Alpha Psi Outstanding Teaching Award, and the 2000 Auburn University School of Accountancy Teaching Award. He has also been recognized in *Who's Who Among America's Teachers* (2002 and 2004). Professor Jones holds a CPA certificate in the state of Alabama and previously worked for Deloitte & Touche. Professor Jones is a coauthor of *Cornerstones of Financial Accounting* and *Intermediate Accounting*.

Professor Jones has published articles in professional journals, including *Advances in Accounting*, *Review of Quantitative Finance and Accounting*, *Issues in Accounting Education*, *International Journal of Forecasting*, *The CPA Journal*, *Managerial Finance*, *Journal of Accounting and Finance Research*, and *The Journal of Corporate Accounting and Finance*. Professor Jones has made numerous presentations around the country on research and pedagogical issues. He is a member of the American Accounting Association, the American Institute of Certified Public Accountants, and the Alabama Society of CPAs (ASCPA). Professor Jones is married, has two children, and enjoys playing golf.

从本改编教材的逻辑结构来看,以财务报告的概念框架的会计基础理论为先导,以财务报表的要素为依托,基于财务报表要素的确认、计量、报告和披露的会计方法和会计准则,诠释财务会计框架所确立的基本理论。然后沿承会计资产、负债、所有者权益的基本模式,以专题为补充,全面、综合、深入地介绍资产、负债和所有者权益的确认、计量、报告和披露的理论、方法和程序,追溯方法的演变历程,并与现金流量、收益计量相联系,使学生掌握财务报告的基本理论,熟悉会计处理方法和程序,理解会计准则,了解U.S.GAAP与IFRS的一些差异,学会分析和运用财务报告信息。

本改编教材由五大部分组成,第一部分主要聚焦于财务报告概念框架、财务报告的内容及财务报告的信息披露。在此基础上,沿承财务会计的资产、负债和所有者权益的基本模式,分为三部分(第二、三、四部分)分别深入资产、负债和所有者权益的确认、计量及披露问题。第五部分为会计专题,包括收益确认与净资产计量、现金流量表等内容。具体内容如下:

由于学生在“会计学原理”课程中先学习了复式记账和会计循环等基础知识,第一部分内容包括财务报告概念、财务报表及财务报告披露等问题。主要介绍财务报告概念框架的结构和内容,阐述财务报告的基本理论,明确财务报告的一般目标与具体目标,及目标之间的关系,分析有用会计信息及有用会计信息的质量特征,介绍会计的基本假设和基本原则,会计报表的要素及要素的定义。继而以财务会计的信息输出为载体,即以资产负债表、收益表、现金流量表为依托,诠释财务报表的目的,财务报表要素及要素的确认、计量、报告,将财务会计概念框架中的理论和方法应用于财务报告中的具体问题,如资本保持、综合收益等概念与收益确认及计量的关系。并介绍美国财务会计准则委员会与国际会计准则委员会关于财务报告概念框架中确认、计量等基础理论问题上的讨论与合作,在某些问题上对U.S.GAAP与IFRS进行一定的比较。

第二部分按照资产负债表上的资产顺序分别介绍了现金与应收款项,存货,房地产、设备的取得与处置,经营资产的折旧与摊销,无形资产。该部分系统介绍财务报告中资产的计价和收益的确认及计量。现金与应收款项一章分析应收账款与收入确认的关系,讨论估计坏账费用的方法及账务处理程序,介绍应收账款质押等融资问题;存货一章介绍存货盘存制度、存货成本流动的假设和存货计价方法,分析存货计价方法对收益计量的影响;其后三章讨论房地产、设备、无形资产等各类资产的取得成本、成本费用化、折旧与摊销、后续报告及退出处置等资产交易的确认和计量,分析无形资产的性质,探讨研发费用的资本化等问题,阐述资产的计量与收益的确认之间的关系,讨论会计计量属性,如公允价值的应用问题。内容密切联系FASB准则的要求及U.S.GAAP与IFRS的差异。

第三部分以流动负债和或有负债、长期负债和长期应收项目、投资各设一章,介绍负债与相关投资项目的确认、计量和报告。流动负债和或有负债一章阐述流动负债的特征,除了对主营业务活动形成的流动负债的确认、计量进行全面深入地阐述外,还对其他流动负债,如带薪休假报酬、应付工薪税、财产税、产品保证等各种负债的确认计量也作了深入全面的介绍。并对或有负债特征,与或有负债确认的相关术语和概念加以解释,了解或有负债确认的会计准则,分析和讨论负债的确认及计量同收益计量的关系,利息的计提和跨期摊配,及流动负债的披露等问题。比较IFRS和U.S.GAAP关于负债的

确认计量方面的某些差异。

长期负债重点介绍应付公司债，包括公司债的特征，影响公司债发行价格的因素，公司债折价和溢价的摊销，公司债的赎回，可转换公司债的转换等交易的会计处理、报告和披露等问题。分析利息费用、公司债折价和溢价的摊销等与收益计量的关系，并在附录中介绍债务重组的会计程序和方法。

投资一章聚焦于公司债投资和股权投资，讨论交易性投资、可供出售投资及持有至到期投资的分类，解释会计准则对公允价值计量运用于投资的要求与规定，同时介绍股权投资的权益法，以及投资的转移，投资的减值和财务报告对投资的披露等问题，并说明U.S.GAAP和IFRS关于投资的规定相同和不同之处。

第四部分为股东权益，包括资本和每股收益与留存收益两章。资本一章阐述公司的组织形式和资本及资本结构等相关概念，介绍普通股、优先股的发行，股票分拆，库存股份等会计处理程序和方法，以及资本交易对现金流量的影响。讨论以股份为基础的薪酬及股票期权公允价值的定价模型、以绩效为基础的股份支付等会计计量和会计处理程序与方法。

每股收益与留存收益一章解释基本每股收益（BEPS）与稀释每股收益（DEPS）的概念，以及BEPS与DEPS的计算方法。介绍公司现金股利、非现金股利和股票股利支付形式，现金股息与非现金股息的宣告及支付的会计程序。分析少量股票股利与大量股票股利对市场的影响及会计处理，解释如何报告其他综合收益以及股东权益变动表的内容和编制方法。

第五部分为会计专题，因篇幅问题，本改编教材包括收益的确认与净资产计量、现金流量表两章。收益的确认与净资产计量一章介绍收益确认中的不同交易情况下的收入确认问题，深入分析收入确认的不同方法和不同交易情况下收入确认方法的选择，以及不同方法对净资产计量的影响。现金流量表一章阐述现金流量信息对于决策分析的重要性，以及现金流量表的内容与结构，介绍编制现金流量表的方法、程序和技术。

余怒莲

2013年10月

PART 1

Financial Reporting: Concepts, Financial Statements, and Related Disclosures 1

Chapter 1 Financial Reporting: Its Conceptual Framework 2

FASB CONCEPTUAL FRAMEWORK 4
OBJECTIVES OF FINANCIAL REPORTING 6
TYPES OF USEFUL INFORMATION 10
QUALITATIVE CHARACTERISTICS OF USEFUL ACCOUNTING INFORMATION 12
ACCOUNTING ASSUMPTIONS AND PRINCIPLES 17
GAAP AND FINANCIAL STATEMENTS 23
IASB FRAMEWORK 28
OVERVIEW 29
APPENDIX: JOINT FASB AND IASB CONCEPTUAL FRAMEWORK PROJECT 29

Chapter 2 The Balance Sheet and the Statement of Changes in Stockholders' Equity 38

INTERRELATIONSHIP OF FINANCIAL STATEMENTS 40
PURPOSES OF THE BALANCE SHEET 41
RECOGNITION IN THE BALANCE SHEET 43
ELEMENTS OF THE BALANCE SHEET 43
MEASUREMENT (VALUATION) OF THE ELEMENTS OF A BALANCE SHEET 45
REPORTING CLASSIFICATIONS ON THE BALANCE SHEET 49
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY 62
OTHER DISCLOSURE ISSUES 63
REPORTING TECHNIQUES 71
INTERNATIONAL BALANCE SHEET 72
ILLUSTRATIVE FINANCIAL STATEMENTS 72

Chapter 3 The Income Statement and the Statement of Cash Flows 88

CONCEPTS OF INCOME 90
PURPOSES OF THE INCOME STATEMENT 92

CONCEPTUAL REPORTING GUIDELINES 93
ELEMENTS OF THE INCOME STATEMENT 97
INCOME STATEMENT CONTENT 101
INCOME STATEMENT: INCOME FROM CONTINUING OPERATIONS 103
INCOME STATEMENT: RESULTS FROM DISCONTINUED OPERATIONS 109
INCOME STATEMENT: EXTRAORDINARY ITEMS 116
INCOME STATEMENT: EARNINGS PER SHARE 119
INCOME STATEMENT: RELATED ISSUES 122
INTERNATIONAL INCOME STATEMENT 124
STATEMENT OF RETAINED EARNINGS 125
COMPREHENSIVE INCOME 128
STATEMENT OF CASH FLOWS 131
SUMMARY OF DISCLOSURES 136
APPENDIX: FINANCIAL ANALYSIS COMPARISONS 137

PART 2

Financial Reporting: Asset Valuation and Income Measurement 177

Chapter 4 Cash and Receivables 178

CASH 180
RECEIVABLES 184
REVENUE RECOGNITION AND VALUATION OF TRADE RECEIVABLES 184
ACCOUNTS RECEIVABLE 186
VALUATION OF UNCOLLECTIBLE ACCOUNTS RECEIVABLE 189
GENERATING IMMEDIATE CASH FROM ACCOUNTS RECEIVABLE 196
NOTES RECEIVABLE 202
FINANCIAL STATEMENT DISCLOSURES OF RECEIVABLES 206

Chapter 5 Inventories: Cost Measurement and Flow Assumptions 222

CLASSIFICATIONS OF INVENTORY 224

ALTERNATIVE INVENTORY SYSTEMS 226
ITEMS TO BE INCLUDED IN INVENTORY QUANTITIES 227
DETERMINATION OF INVENTORY COSTS 228
COST FLOW ASSUMPTIONS 231
CONCEPTUAL EVALUATION OF INVENTORY COST FLOW ASSUMPTIONS 238
DOLLAR-VALUE LIFO 245
ADDITIONAL LIFO CONSIDERATIONS 251
DISCLOSURE OF INVENTORY VALUES AND METHODS 253
LOWER OF COST OR MARKET 256
CONCEPTUAL EVALUATION OF LOWER OF COST OR MARKET 264
PURCHASE OBLIGATIONS AND PRODUCT FINANCING ARRANGEMENTS 266
VALUATION ABOVE COST 267
EFFECTS OF INVENTORY ERRORS 268
SUMMARY OF INVENTORY ISSUES 270

Chapter 6 Property, Plant, and Equipment: Acquisition and Disposal 288

CHARACTERISTICS OF PROPERTY, PLANT, AND EQUIPMENT 290
ACQUISITION OF PROPERTY, PLANT, AND EQUIPMENT 291
NONMONETARY ASSET EXCHANGES 296
SELF-CONSTRUCTION 299
COSTS AFTER ACQUISITION 305
DISPOSAL OF PROPERTY, PLANT, AND EQUIPMENT 308
DISCLOSURE OF PROPERTY, PLANT, AND EQUIPMENT 310
APPENDIX: OIL AND GAS PROPERTIES 313

Chapter 7 Depreciation and Depletion 328

FACTORS INVOLVED IN DEPRECIATION 330
METHODS OF COST ALLOCATION 331
RECORDING DEPRECIATION 336
CONCEPTUAL EVALUATION OF DEPRECIATION METHODS 337
DISCLOSURE OF DEPRECIATION 339

ADDITIONAL DEPRECIATION METHODS 341
 DEPRECIATION FOR PARTIAL PERIODS 345
 IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT 347
 DEPRECIATION AND INCOME TAXES 351
 CHANGES AND CORRECTIONS OF DEPRECIATION 354
 DEPLETION 355

Chapter 8 Intangibles 372

ACCOUNTING FOR INTANGIBLES 374
 RESEARCH AND DEVELOPMENT COSTS 377
 IDENTIFIABLE INTANGIBLE ASSETS 381
 UNIDENTIFIABLE INTANGIBLES 386
 DISCLOSURES FOR INTANGIBLE ASSETS 391
 CONCEPTUAL EVALUATION OF ACCOUNTING FOR INTANGIBLES 393

PART 3

Financial Reporting: Valuation of Liabilities and Investments 407

Chapter 9 Current Liabilities and Contingencies 408

CONCEPTUAL OVERVIEW OF LIABILITIES 410
 NATURE AND DEFINITION OF CURRENT LIABILITIES 411
 VALUATION OF CURRENT LIABILITIES 413
 CURRENT LIABILITIES HAVING A CONTRACTUAL AMOUNT 413
 CURRENT LIABILITIES WHOSE AMOUNTS DEPEND ON OPERATIONS 421
 CURRENT LIABILITIES REQUIRING AMOUNTS TO BE ESTIMATED 426
 CONTINGENCIES 433
 OTHER LIABILITY CLASSIFICATION ISSUES 440
 FINANCIAL STATEMENT PRESENTATION OF CURRENT LIABILITIES 442

Chapter 10 Long-Term Liabilities and Receivables 458

REASONS FOR ISSUANCE OF LONG-TERM LIABILITIES 460
 BONDS PAYABLE 460

RECORDING THE ISSUANCE OF BONDS 463
 AMORTIZING DISCOUNTS AND PREMIUMS 465
 EXTINGUISHMENT OF LIABILITIES 474
 BONDS WITH EQUITY CHARACTERISTICS 476
 LONG-TERM NOTES PAYABLE 482
 LONG-TERM NOTES RECEIVABLE 488
 APPENDIX1: TROUBLED DEBT RESTRUCTURINGS 497
 APPENDIX2: SERIAL BONDS 504

Chapter 11 Investments 522

INVESTMENTS: CLASSIFICATION AND VALUATION 524
 INVESTMENTS IN DEBT AND EQUITY TRADING SECURITIES 526
 INVESTMENTS IN AVAILABLE-FOR-SALE DEBT AND EQUITY SECURITIES 526
 INVESTMENTS IN HELD-TO-MATURITY DEBT SECURITIES 532
 TRANSFERS AND IMPAIRMENTS 539
 DISCLOSURES 542
 CONCEPTUAL EVALUATION 544
 EQUITY METHOD 547
 ADDITIONAL ISSUES FOR INVESTMENTS 555

PART 4

Financial Reporting: Stockholders' Equity 571

Chapter 12 Contributed Capital 572

CORPORATE FORM OF ORGANIZATION 574
 CORPORATE CAPITAL STRUCTURE 576
 STOCKHOLDERS' EQUITY 579
 ISSUANCE OF CAPITAL STOCK 580
 NONCOMPENSATORY SHARE PURCHASE PLANS 588
 COMPENSATORY SHARE OPTION PLANS 589
 PREFERRED STOCK CHARACTERISTICS 603
 CONTRIBUTED CAPITAL SECTION 609
 TREASURY STOCK (CAPITAL STOCK REACQUISITION) 611

CAPITAL STOCK TRANSACTIONS AND THE STATEMENT OF CASH FLOWS 616

Chapter 13 Earnings per Share and Retained Earnings 632

EARNINGS AND EARNINGS PER SHARE 634
 OVERVIEW AND USES OF EARNINGS PER SHARE INFORMATION 634
 BASIC EARNINGS PER SHARE 635
 DILUTED EARNINGS PER SHARE 639
 ADDITIONAL CONSIDERATIONS 646
 EPS DISCLOSURE ILLUSTRATION 647
 CONTENT OF RETAINED EARNINGS 649
 DIVIDENDS 649
 PRIOR PERIOD ADJUSTMENTS (RESTATEMENTS) 660
 RESTRICTIONS (APPROPRIATIONS) OF RETAINED EARNINGS 661
 STATEMENT OF RETAINED EARNINGS 662
 MISCELLANEOUS CHANGES IN STOCKHOLDERS' EQUITY 663
 STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY 663

PART 5

Financial Reporting: Special Topics 687

Chapter 14 Income Recognition and Measurement of Net Assets 688

OVERVIEW OF REVENUE RECOGNITION ALTERNATIVES 690
 EXAMPLES OF REVENUE RECOGNITION ALTERNATIVES 691
 CONCEPTUAL ISSUES 695
 ALTERNATIVE REVENUE RECOGNITION METHODS 696
 REVENUE RECOGNITION PRIOR TO THE PERIOD OF SALE 698
 REPORTING AND DISCLOSING LONG-TERM CONSTRUCTION CONTRACTS 708
 REVENUE RECOGNITION AFTER THE PERIOD OF SALE 713
 REVENUE RECOGNITION DELAYED UNTIL A FUTURE EVENT OCCURS 720

ADDITIONAL ISSUES 721
SUMMARY OF ALTERNATIVE
REVENUE RECOGNITION
METHODS 722

Chapter 15 The Statement of Cash Flows 738

CONCEPTUAL OVERVIEW AND
REPORTING GUIDELINES 740
CASH INFLOWS AND OUTFLOWS
745
NET CASH FLOW FROM
OPERATING ACTIVITIES 747

INFORMATION FOR
PREPARATION OF STATEMENT
752
VISUAL INSPECTION METHOD
OF ANALYSIS 753
WORKSHEET (SPREADSHEET)
METHOD OF ANALYSIS 756
SPECIAL TOPICS 765
APPENDIX: DIRECT METHOD FOR
REPORTING OPERATING CASH
FLOWS 776

APPENDIX A

**List of the Official Pronouncements
of the AICPA and FASB 807**

APPENDIX B

**List of the Official Pronouncements
of the IASB 817**

APPENDIX C

**Brief Guide to Key IFRS vs U.S. GAAP
Differences by Chapter 821**

PART

1

Financial Reporting: Concepts, Financial Statements, and Related Disclosures

Chapter 1

Financial Reporting: Its Conceptual Framework

Chapter 2

The Balance Sheet and the Statement of Changes in Stockholders' Equity


Chapter 3

The Income Statement and the Statement of Cash Flows

Financial Reporting: Its Conceptual Framework

After reading this chapter, you will be able to:

- 1 Explain the FASB conceptual framework.
- 2 Understand the relationship among the objectives of financial reporting.
- 3 Identify the general objective of financial reporting.
- 4 Describe the three specific objectives of financial reporting.
- 5 Discuss the types of useful information for investment and credit decision making.
- 6 Explain the qualities of useful accounting information.
- 7 Understand the accounting assumptions and principles that influence GAAP.
- 8 Define the elements of financial statements.
- 9 List the qualitative characteristics of useful information in the tentative FASB and IASB joint conceptual framework (Appendix).



If It's Broken . . . Fix It!

U.S. GAAP is widely considered the most complete and well-developed set of accounting standards in the world. However, U.S. accounting standards recently have come under increasing criticism as being too rules-based. U.S. accounting standards are viewed as having become too long and complex, containing too many percentage tests (bright lines), and allowing numerous exceptions to the principles underlying the standards. Together, the rules-based nature of the standards is seen to have fostered a "check-the-box mentality" that allowed financial "engineers" to comply with the letter of the standards while not always showing the underlying reality of the transactions. In its review of U.S. accounting standards, the **Securities and Exchange Commission (SEC)** noted that the lease accounting rules are made up of approximately 16 FASB Statements and Interpretations, 9 Technical Bulletins, and more than 30 EITF Abstracts. Also, there are more than 800 pages of accounting guidance relating to derivatives. One prominent controller described recently issued account-

ing guidance as a mistake that was so complicated that organizations are uncertain if they can even follow the rules. What is the solution?

The SEC has recommended that future accounting standards should not follow a rules-based, nor principles-only approach, but should be "objectives-oriented." This principles-based standard setting approach should be built on an improved and consistently applied conceptual framework. This approach should clearly state the accounting objective of the standard, provide sufficient detail and structure so that the standard can be applied consistently, minimize exceptions to the standard, and avoid the use of bright-line tests. The development of objectives-oriented standards should improve the relevance, reliability, and comparability of financial information resulting in more meaningful and informative financial statements.

The Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) have been working together on a common Conceptual Framework that will help standard setters achieve this goal.

Accounting standards were developed in the United States by the Committee on Accounting Procedure (CAP) and the Accounting Principles Board (APB) before the inception of the Financial Accounting Standards Board (FASB). The CAP and the APB were not able to develop a broad, normative conceptual framework of accounting theory. The APB did issue **APB Statement No. 4**, "Basic Concepts and Accounting Principles Underlying Financial Statements of Business Enterprises." However, this document described current practice instead of what *should* be appropriate accounting. Although the CAP and APB considered some accounting concepts in setting of accounting standards, generally this was limited to the concepts related to the particular accounting issue at hand. This led, at times, to accounting principles that were inconsistently applied from one issue to another. These inconsistencies led to political pressure on the FASB to develop a general set of concepts and principles to guide its standard setting. In this chapter, we discuss the FASB's conceptual framework of accounting theory. This framework includes:

- the objectives of financial reporting
- the types of useful accounting information
- the qualitative characteristics of accounting information
- accounting assumptions and principles

We also include a brief review of generally accepted accounting principles and financial statements. At the end of the chapter, we include an Appendix that briefly summarizes a planned joint FASB and IASB conceptual framework.

FASB CONCEPTUAL FRAMEWORK

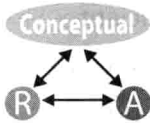
The FASB has been given two charges. First, it is to develop a conceptual framework of accounting theory. Second, it is to establish standards (generally accepted accounting principles) for financial accounting practice. The intent is to develop a **theoretical foundation of interrelated objectives and concepts that leads to the establishment of consistent financial accounting standards**. In other words, the conceptual framework should provide a logical structure and direction to financial accounting and reporting. This conceptual framework is expected to:

1. guide the FASB in establishing accounting standards
2. provide a frame of reference for resolving accounting questions in situations where a standard does not exist
3. determine the bounds for judgment in the preparation of financial statements
4. increase users' understanding of and confidence in financial reporting
5. enhance comparability

The FASB expects that the conceptual framework will encourage companies to provide financial (and related) information that is useful in efficiently allocating scarce economic resources in capital and other markets.¹

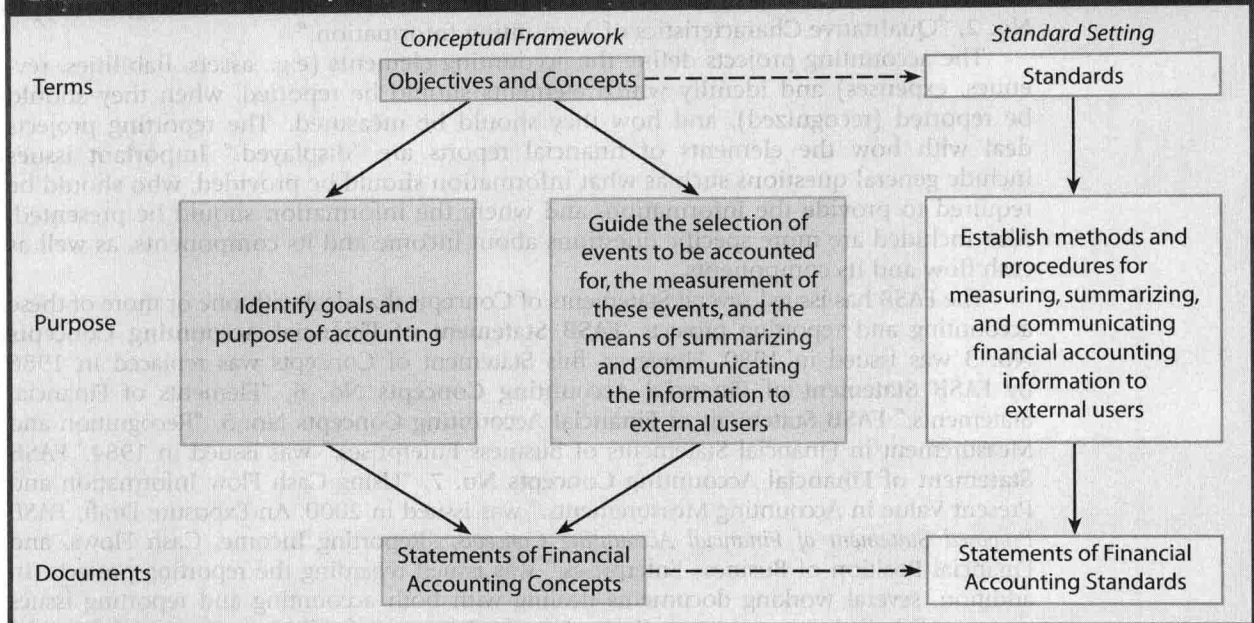
Exhibit 1-1 shows the relationship among the objectives, concepts, and standards, their purposes, and the documents issued by the FASB. The outputs of the conceptual framework are *Statements of Financial Accounting Concepts*; to date, seven have been issued. The outputs of the standard-setting process are *Statements of Financial Accounting Standards*; to date 163 have been issued. The many "statements of standards" are required to identify the preferable accounting practice from the various alternatives that arise in response to the changing, dynamic business environment. As much as possible, the FASB considers its conceptual framework in establishing these standards.

Because of the large task, the FASB divided its conceptual framework activities into several projects. Exhibit 1-2 shows these projects. The first project dealt with identify-

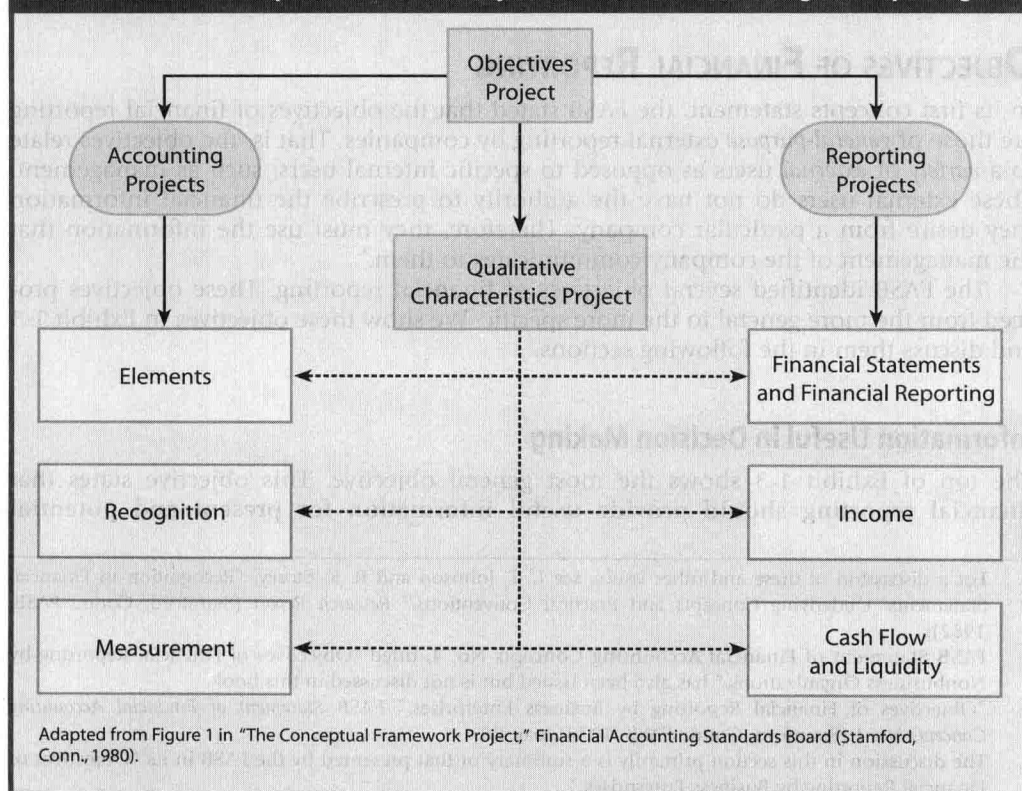


1 Explain the FASB conceptual framework.

1. This discussion is based on a background paper, "The Conceptual Framework Project," Financial Accounting Standards Board (Stamford, Conn., 1980).

EXHIBIT 1-1 Relationship of FASB Conceptual Framework and Standard-Setting Process

ing the objectives of financial reporting. This project resulted in **FASB Statement of Financial Accounting Concepts No. 1**, "Objectives of Financial Reporting by Business Enterprises." This document established the focus of the remaining projects, which are divided into two groups (accounting and reporting). The Qualitative Characteristics

EXHIBIT 1-2 Conceptual Framework Projects for Financial Accounting and Reporting

Adapted from Figure 1 in "The Conceptual Framework Project," Financial Accounting Standards Board (Stamford, Conn., 1980).

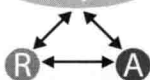
Project linked together the accounting and reporting projects, as shown by the dashed lines in Exhibit 1-2. It also resulted in **FASB Statement of Financial Accounting Concepts No. 2**, "Qualitative Characteristics of Accounting Information."

The accounting projects define the accounting elements (e.g., assets, liabilities, revenues, expenses) and identify which elements should be reported, when they should be reported (recognized), and how they should be measured.² The reporting projects deal with how the elements of financial reports are "displayed." Important issues include general questions such as what information should be provided, who should be required to provide the information, and where the information should be presented. Also included are more specific questions about income and its components, as well as cash flow and its components.

The FASB has issued several Statements of Concepts that deal with one or more of these accounting and reporting projects. **FASB Statement of Financial Accounting Concepts No. 3** was issued in 1980. However, this Statement of Concepts was replaced in 1986 by **FASB Statement of Financial Accounting Concepts No. 6**, "Elements of Financial Statements." **FASB Statement of Financial Accounting Concepts No. 5**, "Recognition and Measurement in Financial Statements of Business Enterprises," was issued in 1984.³ **FASB Statement of Financial Accounting Concepts No. 7**, "Using Cash Flow Information and Present Value in Accounting Measurements," was issued in 2000. An Exposure Draft, *FASB Proposed Statement of Financial Accounting Concepts*, "Reporting Income, Cash Flows, and Financial Position of Business Enterprises," was issued regarding the reporting projects. In addition, several working documents dealing with both accounting and reporting issues were published that may eventually lead to the issuance of other statements of financial accounting concepts. We discuss the Statements of Concepts dealing with the elements, recognition and measurement, and reporting of income and cash flows in Chapters 2 and 3.

In this chapter, we discuss the first two Statements of Concepts dealing with the objectives of financial reporting and the qualitative characteristics of accounting information. We also discuss parts of the Exposure Draft dealing with types of useful information.

Conceptual



- 2 Understand the relationship among the objectives of financial reporting.

- 3 Identify the general objective of financial reporting.

OBJECTIVES OF FINANCIAL REPORTING

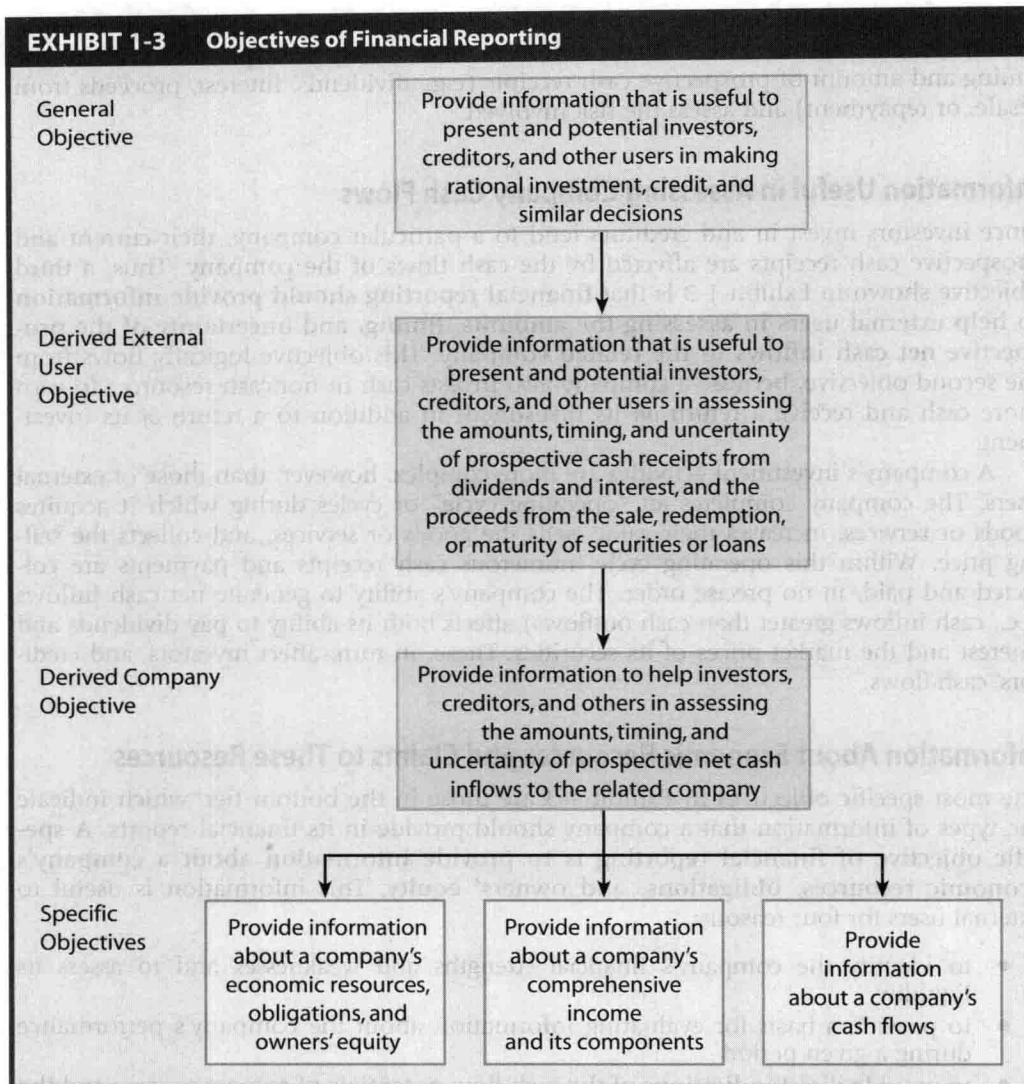
In its first concepts statement, the FASB stated that the objectives of financial reporting are those of *general-purpose* external reporting by companies. That is, the objectives relate to a *variety* of external users as opposed to specific internal users, such as management. These external users do not have the authority to prescribe the financial information they desire from a particular company. Therefore, they must use the information that the management of the company communicates to them.⁴

The FASB identified several objectives of financial reporting. These objectives proceed from the more general to the more specific. We show these objectives in Exhibit 1-3 and discuss them in the following sections.⁵

Information Useful in Decision Making

The top of Exhibit 1-3 shows the most general objective. This objective states that **financial reporting should provide useful information for present and potential**

2. For a discussion of these and other issues, see L. T. Johnson and R. K. Storey, "Recognition in Financial Statements: Underlying Concepts and Practical Conventions," *Research Report* (Stamford, Conn.: FASB, 1982).
3. **FASB Statement of Financial Accounting Concepts No. 4**, titled "Objectives of Financial Reporting by Nonbusiness Organizations," has also been issued but is not discussed in this book.
4. "Objectives of Financial Reporting by Business Enterprises," *FASB Statement of Financial Accounting Concepts No. 1* (Stamford, Conn.: FASB, 1978), par. 28.
5. The discussion in this section primarily is a summary of that presented by the FASB in its "Objectives of Financial Reporting by Business Enterprises."



investors, creditors, and other external users in making their investment, credit, and similar decisions. Investors include both equity security holders (stockholders) and debt security holders (bondholders). Creditors include suppliers, customers and employees with claims, individual lenders, and lending institutions. Other external users include brokers, lawyers, security analysts, and regulatory agencies. These external users are expected to have a reasonable understanding of business and economic activities. They are also expected to be willing to study carefully the information to comprehend it.

Information Useful to External Users in Assessing Future Cash Receipts

The second objective shown in Exhibit 1-3 relates to external users' needs. It states that **financial reporting should provide information that is useful to external users in assessing the amounts, timing, and uncertainty of prospective cash receipts.** This objective is important because individuals and institutions make cash outflows for investing and lending activities primarily to increase their cash inflows. Whether or not they are successful depends on the extent to which they receive a return of cash, goods, or services greater than their investment or loan. That is, they must receive not only a return of investment, but also a return *on* investment relative to the risk involved.