

Needles | Powers

PRINCIPLES OF
**FINANCIAL
ACCOUNTING**



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Principles of Financial Accounting

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Preface

Principles of Financial Accounting, 2002©, is intended for the first course in accounting and as such is designed for students—both business and accounting majors—with no previous training in accounting or business. It is part of a well-integrated text and technology program that includes an array of print and electronic support materials for students and instructors.

We recognize that the majority of students taking the first accounting course are business and management majors rather than accounting majors; our goal therefore is to provide information for decision making throughout a student's career. We want our text to enable students to

- Recognize the value of accounting to their future careers regardless of their majors.
- Read and interpret internal and external financial reports and gain an understanding of their underlying concepts and techniques.
- Make intelligent decisions using internal and external accounting information.
- Analyze the effects of these decisions on the performance of a company.


A course that achieves these objectives will give students a valuable and realistic portrayal of accounting practices.

An Integrated Text and Technology Program

The business environment has changed, driven mostly by the trend toward globalization and the growing use of technology. We have therefore developed an integrated text and technology program dedicated to helping instructors stay on top of the change curve and to take advantage of the opportunities created by new instructional technologies. Whether an instructor wants to present a user or procedural orientation, incorporate new instructional strategies, develop students' core skills and competencies, or integrate technology into the classroom, the new 2002© text provides a total solution, making it the leading choice among instructors of first-year accounting courses.

Applying and Using Technology

The 2002© text incorporates a number of electronic teaching and learning solutions. Each student and instructor copy of the textbook comes with a CD containing a variety of resources. The HMClassPrep CD for instructors provides valuable support material, including the popular Course Manual of instructor resources and teaching strategies, PowerPoint slides, and other electronic tools. The Student CD, packaged with every text, includes the Accounting Transaction Tutor software for Chapters 1–4, the Houghton Mifflin General Ledger Software for Windows, and selected video cases. Both CDs include a web link to other valuable materials at

the Needles Accounting Resource Center web site at <http://college.hmco.com>. In addition, the text includes a variety of Internet exercises with links to real company financial statements. ACE icons  in the end-of-chapter review sections of the text provide a visual link between the text and ACE, an interactive self-quizzing program available at our web site. Additional online tutoring help is available through the HM Web Tutor, powered by SmarThinking.

For faculty who want an online component to their accounting courses, we provide a rich array of resources, including text-specific content that is available either in Blackboard Course Cartridges or WebCT e-Packs. These customized course materials may be used to enhance a traditional classroom setting or as a complete distance learning solution.

Houghton Mifflin's Teaching Accounting Online course provides online support to faculty who want to thoughtfully integrate web-based technology into their classes. The course was designed by a group of accounting faculty led by Susan Crosson of Santa Fe Community College in Florida. She has also developed courses for WebCT and Blackboard learning platforms.

A Balanced Approach to Beginning Accounting

Because of changes in the business environment, the needs of today's students have changed. This change is reflected in the analysis by Robert Elliott, KPMG partner and recent chairman of the IACPA, who has identified the five stages of the "value chain" in accounting as shown below:*

I.	II.	III.	IV.	V.
Business Events >	Data >	Information >	Knowledge >	Decisions

Elliott argues that too much time is spent on low-value activities represented by the first three stages (I, II, III) as opposed to the high-value activities represented in stages IV and V. The first three stages focus on transactions and information processing, which in today's business environment are likely to be achieved through the use of technology. We agree that the focus of accounting education today should be on the higher-level activities (stages IV and V) that provide a foundation for decision making. We also believe that business majors, who make up the vast majority of beginning accounting students, will benefit from this approach in subsequent business courses and throughout their business careers. Although our text provides a basic knowledge of the more procedural activities associated with stages I to III, our primary focus is on high-value learning activities, providing a balance between the procedural or preparer side of accounting and a more user-oriented approach.

Our overall objective is to provide a flexible learning system. To achieve balance and flexibility, the 2002© text includes far less procedural detail and fewer "pencil pushing" assignments. Because our focus is on the application of concepts, we have substantially revised many chapters to reduce procedural detail. We have accomplished this by placing procedures that are not essential to conceptual understanding in supplemental objectives at the ends of the chapters. In the end-of-chapter assignments, we have scrutinized all exercises and problems with a view toward reducing the number of journal entries and the amount of posting required. In addition, we now employ T accounts more frequently as a form of analysis.

*W. Steve Albrecht and Robert J. Sack, *Accounting Education: Charting the Course Through a Perilous Future* (Sarasota, Fla.: American Accounting Association, 2000), p. 36.

A Strong Emphasis on Decision Making and Critical Thinking


The AICPA, IMA, and other business organizations have emphasized the importance of developing students' core competencies and basic skills in such areas as communication, critical thinking, analysis and decision making, ethics, the use of technology, and teamwork. The pedagogical system underlying *Principles of Financial Accounting*, 2002©, is based on a model that encompasses a growing group of instructional strategies designed to develop and strengthen a broad skill set in students. This model, which includes learning objectives, the teaching-learning cycle, cognitive levels of learning, and output skills, is described in the Course Manual, which is now available to instructors on the HMClassPrep CD. The Course Manual contains a Chapter Planning Matrix for each chapter to assist instructors in planning assignments to achieve learning objectives.


Just as accounting education has changed, today's students have changed also. Our new text edition is designed to accommodate a variety of learning styles to ensure student success. A few examples of the text's pedagogical features follow:

LEARNING OBJECTIVES Learning objectives are clearly stated at the beginning of each chapter. They are keyed to the chapter discussion and assignment material and are used throughout the text and ancillary package. They provide a valuable "road map" for students.

CHAPTER 1 "USER'S MANUAL" New, annotated Chapter 1 provides a built-in "user's manual" to help students understand the purpose and value of the pedagogical framework and how to use it to their advantage.



COLOR SCHEME A consistent color scheme throughout the text presents inputs to the accounting system (source documents) in gold, the processing of accounting data (working papers and accounting forms) in green, and outputs of the system (financial and management reports) in purple.

KEY RATIOS Key ratios are integrated throughout the text at appropriate points to emphasize the use of accounting information in decision making and the importance this information plays in performance evaluation. These ratios (identified by the Key Ratio icon ) are usually introduced in the "management issues" section at the beginning of most chapters. We bring all the ratios together in a comprehensive financial analysis of Sun Microsystems, Inc., in Chapter 18.

CASH FLOWS We emphasize the effect of business activities on cash flow throughout the text. After introducing the statement of cash flows in Chapter 1, we point out in various subsequent chapters the difference between income measurement and cash flow, and we reinforce understanding through a variety of end-of-chapter assignments. A Cash Flow icon  highlights these discussions in the text.

Relevant Real-World Coverage

We have taken many steps to increase the real-world emphasis of the text in order to reflect current business practice in a way that is relevant and exciting for students.

REAL COMPANIES We use information from the annual reports of real companies and from business publications, such as *Business Week*, *Forbes*, and *The Wall Street Journal*, to enhance students' appreciation of the usefulness and relevance of accounting information. In addition, we use more than 100 publicly held companies as examples, and we have substantially increased the number of real companies appearing in the assignment materials. A Hot Links to Real Companies icon  or a CD-ROM icon  identifies these companies. Our Needles Accounting Resource Center Student web site provides direct links to the web pages of most of these companies.

ACTUAL FINANCIAL STATEMENTS We have incorporated examples from the annual reports of real companies in both the text and assignment material. Chapter 6 presents the financial statements of Dell Computer in graphic form using the Fingraph® Financial Analyst™ CD that accompanies this book. A supplement to Chapter 6 contains a section entitled "How to Read an Annual Report," as well as the actual annual report of Toys "R" Us. As noted earlier, the comprehensive financial analysis in Chapter 18 features the financial statements of Sun Microsystems, Inc. These are only a few examples of the scores of other well-known companies featured in the text.

DECISION POINTS Every chapter begins with a Decision Point. Based on excerpts from real companies' annual reports or from articles in the business press, Decision Points present a situation requiring a decision by managers or other accounting information users; they also demonstrate how the decision can be made using accounting information.

FOCUS ON BUSINESS These boxes appear throughout each chapter and emphasize business strategy as it relates to four key themes:

- Focus on Business Ethics
- Focus on Business Practice
- Focus on Business Technology
- Focus on International Business

INTERNATIONAL ACCOUNTING Among the many foreign companies mentioned in the text and assignments are Yamaha Motor Company, Ltd. (Japanese), Glaxo-Wellcome (British), Philips Electronics, N.V. and Heineken N.V. (Dutch), Roche Group (Swiss), Nokia (Finnish), and Goslar Corporation (German).


REAL-WORLD GRAPHIC ILLUSTRATIONS Graphs, tables, and exhibits illustrating the relationship of actual business practices to chapter topics are a regular feature of the book. Many of these illustrations are based on data from studies of 600 annual reports published in *Accounting Trends and Techniques*. Beginning with Chapter 6, most chapters include a graph that shows various ratios for selected industries based on Dun & Bradstreet data. Service industry examples include advertising and interstate trucking companies. Manufacturing industry examples include pharmaceutical and tableware companies.

GOVERNMENTAL AND NOT-FOR-PROFIT ORGANIZATIONS Acknowledging the importance of governmental and not-for-profit organizations in our society, we include discussions and examples of these organizations at appropriate points in the text.

Expanded Assignment Materials Geared to Flexibility

In answer to the demand for a more sophisticated skill set for students and greater pedagogical choice for faculty members, we have expanded the variety of assignments and accompanying materials as described in the following sections.

Video Cases

Five videos, each accompanied by an in-text case, work equally well as individual or group assignments, and all include a written critical thinking component. Each video case, indicated by a video icon , serves as an introduction to the chapter in which it is found.

- *Intel Corporation* (Chapter 1) examines the business goals of liquidity and profitability and the business activities of financing, investing, and operating.
- *Office Depot, Inc.* (Chapter 5), discusses the merchandising company, the merchandising income statement, and the concept of the operating cycle.
- *Fermi National Accelerator Laboratory* (Chapter 11) demonstrates the importance of long-term assets to a unique scientific laboratory.
- *Lotus Development Corporation* (Chapter 14) tells the history of Lotus from its beginning as a small start-up company through its growth to one of America's most successful companies and finally to its sale to IBM. The case emphasizes Lotus's equity financing needs along the way.
- *Goodyear Tire & Rubber Company* (Chapter 17) describes the vision and objectives of the world's largest tire and rubber company and how Goodyear will need strong cash flows to carry out its objectives.

The Annual Report Project

Because real companies' annual reports are rapidly becoming the most popular topic of term projects in the introductory accounting course, the Supplement to Chapter 6 provides a suggested annual report project that we have used in our classes for several years. To allow for projects of varied comprehensiveness, we have developed four assignment options, including the use of Fingraph® Financial Analyst™ data-base software.

Building Your Knowledge Foundation

This end-of-chapter section consists of a variety of questions, exercises, and problems designed to develop basic knowledge, comprehension, and application of the concepts and techniques presented in the chapter.

Questions (Q) Fifteen to 24 review questions that cover the essential topics of the chapter.

Short Exercises (SE) Approximately ten very brief exercises suitable for classroom use.

Exercises (E) An average of 15 single-topic exercises that stress application.

Problems (P) At least five extensive applications of chapter topics, often covering more than one learning objective and often containing writing components. All problems can be worked on our Excel Templates CD; some can be solved using our General Ledger Software for Windows.

Alternate Problems (P) An alternative set of the most popular problems, based on our study of users' syllabi.

The assignments most suitable for computer applications are marked with the following icons:



Ledger icons indicate problems that can be solved using our General Ledger Software for Windows.



Spreadsheet icons indicate problems that can be solved using our Excel Templates CD.

Expanding Your Critical Thinking, Communication, and Interpersonal Skills

Recognizing that students need to be better prepared to communicate clearly, both in written and oral formats, we have included ten or more cases that deal with skills development (SD) and financial reporting and analysis (FRA). These cases are usually based on real companies. All require critical thinking and communication skills in the form of writing. At least one assignment in each chapter requires students to practice good business communication skills by writing a memorandum reporting results and offering recommendations. In addition, all cases are suitable for development of interpersonal skills through group activities. We have designated selected cases as being especially appropriate for group activities and for these have provided specific instructions for applying a group methodology. We use icons to identify these cases, as well as to provide guidance in the best use of other assignments. A list of these icons follows.



Cash Flow icons indicate assignments dealing with cash flow; they also indicate text discussions of cash flow.



CD-ROM icons indicate assignments designed to be worked with the Fingraph® Financial Analyst™ CD.



Communication icons identify assignments designed to help students develop their ability to understand and communicate accounting information successfully.



Critical Thinking icons indicate assignments intended to strengthen students' critical thinking skills.



Ethics icons identify assignments that address ethical issues.



General Ledger icons indicate problems that can be solved using the Houghton Mifflin General Ledger Software for Windows.



Group Activity icons identify assignments appropriate for groups or teamwork.



Hot Links to Real Companies icons indicate companies whose annual reports can be accessed by direct link from the Needles Accounting Resource Center web site. These icons are used in text discussions as well as in assignments.



International icons indicate international company cases.



Internet icons designate assignments featuring use of the Internet.



Key Ratio icons indicate the presence of financial analysis ratios in both the text and assignments.



Memorandum icons point to problems and cases that require students to write short business memorandums.



Spreadsheet icons indicate problems that can be solved using the Excel Templates CD.

Each Skills Development (SD) assignment has a specific purpose:

CONCEPTUAL ANALYSIS These short cases address conceptual accounting issues and are based on real companies and situations. They are designed so that a written solution is appropriate, but they may also be used in other communication modes.

ETHICAL DILEMMA Recognizing the need for accounting and business students to be exposed in all their courses to ethical considerations, we have included in every chapter a short case, often based on a real company, in which students must address an ethical dilemma directly related to the chapter content.

RESEARCH ACTIVITY These exercises enhance student learning and participation in the classroom by acquainting students with business periodicals, annual reports and business references, and resources in the library and on the Internet. Some exercises are designed to improve students' interviewing and observation skills through field activities at actual businesses. An icon in the margin indicates activities that can be researched on the Internet.

DECISION-MAKING PRACTICE Acting as decision makers—managers, investors, analysts, or creditors—students are asked to extract relevant data from a case, make computations as necessary, and arrive at a decision.

Cases in financial reporting and analysis (FRA) sharpen students' ability to comprehend and analyze financial and nonfinancial data:

INTERPRETING FINANCIAL REPORTS These short cases are abstracted from business articles and the annual reports of well-known corporations and organizations, such as Netscape Communications Corporation, Sun Microsystems, Cisco Systems, RJR Nabisco, Mellon Bank, Charles Schwab, and Amazon.com. They require students to extract relevant data, make computations, and interpret the results.

INTERNATIONAL COMPANY These exercises include companies from around the world. The focus is on companies that have an accounting experience compatible with chapter content.

TOYS "R" US ANNUAL REPORT The actual Toys "R" Us Annual Report, reproduced in the Supplement to Chapter 6, provides the basis for these analytical cases.

FINGRAPH® FINANCIAL ANALYST™ These cases may be worked in conjunction with the Fingraph® Financial Analyst™ data-base software. This CD includes web links to the annual reports of more than 20 well-known companies. Students utilize the software to analyze the financial statements of the companies.

INTERNET CASE Each chapter of the text now features an Internet case, which asks students to research a topic on the Internet, answer critical and analytical thinking questions, and then prepare either a written or oral report of their findings.

FINANCIAL ANALYSIS CASES Also accompanying the text are a series of comprehensive financial analysis cases that may be integrated throughout the course after Chapter 5, or they may be used as capstone cases for the entire course. The first, "General Mills, Inc., Annual Report: A Decision Case in Financial Analysis," uses the actual financial statements of General Mills Corporation. The other cases, "Heartland Airways, Inc.," and "Richard Home Centers, Inc.," present complete annual reports for an airline company and a home improvement retailing chain. They will guide students through a complete financial analysis. Although these cases may be assigned individually, they also make excellent group assignments.

Readable, Accessible Text

Growing numbers of students who take the financial accounting course are from foreign countries, and English is a second language for them. To meet their needs fully, we as instructors must be aware of how the complexities and nuances of English, particularly business English, may hinder these students' understanding.

Each chapter of *Principles of Financial Accounting*, 2002©, has been reviewed by business instructors who teach English as a Second Language (ESL) courses and English for Special Purposes courses, as well as by students taking these classes. With their assistance and advice, we have taken the following measures to ensure that the text is accessible.

- **Word Choice:** We replaced words and phrases that were unfamiliar to ESL students with ones they more readily recognize and understand. For instance, we substituted *raise* for *bolster*, *require* for *call for*, and *available* for *on hand*.
- **Length:** Because short, direct sentences are more easily comprehended than sentences containing multiple clauses, we paid strict attention to the length and grammatical complexity of our sentences.
- **Examples:** Examples reinforce concepts discussed and help make the abstract concrete. We have therefore added many simple, straightforward examples.

Supplementary Support Materials

Supplementary Learning Aids

Our goal is to provide a complete supplemental learning system, including manual and technology applications for computer, CD-ROM, videotape, and the Internet. Supplementary learning aids include the following:

NEW! Student CD
NEW! Needles Accounting Resource Center Student Web Site
 Fingraph® Financial Analyst™ CD
NEW! HM Web Tutor, powered by SmarThinking
NEW! Peachtree 8.0 Educational Version
 Working Papers for Exercises and Problems
NEW! Excel Templates CD
 Study Guide
 Houghton Mifflin Brief Accounting Dictionary

Financial Practice Cases

Collegiate Ts
 College Words and Sounds Store, Fifth Edition
 Micro-Tec, Fifth Edition

Instructor's Support Materials

Instructor's Annotated Edition
 Instructor's Solutions Manual
NEW! HMClassPrep Instructor CD
NEW! Needles Accounting Resource Center Instructor Web Site
 Test Bank with Achievement Test Masters and Answers
 HMTTesting
 Solutions Transparencies
NEW! Video Cases
NEW! Blackboard Course Cartridges
NEW! WebCT e-Packs
NEW! Teaching Accounting Online

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To the Student

How to Study Accounting Successfully

The introductory accounting course is fundamental to the business curriculum and to success in the business world beyond college. Whether you are majoring in accounting or in another business discipline, it is one of the most important classes you will take. The course has multiple purposes because its students have diverse interests, backgrounds, and purposes for taking it. What are your goals in studying accounting? Being clear about your goals can contribute to your success in this course.

Success in this class also depends on your desire to learn and your willingness to work hard. And it depends on your understanding of how the text complements the way your instructor teaches and the way you learn. A familiarity with how this text is structured will help you to study more efficiently, make better use of classroom time, and improve your performance on examinations and other assignments.

To be successful in the business world after you graduate, you will need a broad set of skills, which may be summarized as follows:

TECHNICAL/ANALYTICAL SKILLS A major objective of your accounting course is to give you a firm grasp of the essential business and accounting terminology and techniques that you will need to succeed in a business environment. With this foundation, you then can begin to develop the higher-level perception skills that will help you acquire further knowledge on your own.

An even more crucial objective of this course is to help you develop analytical skills that will allow you to evaluate data. An important aspect of analytical skills is the ability to use technology effectively in making analyses. Well-developed analytical and decision-making skills are among the professional skills most highly valued by employers and will serve you well throughout your academic and professional careers.

COMMUNICATION SKILLS Another skill highly prized by employers is the ability to express oneself in a manner that others correctly understand. This can include writing skills, speaking skills, and presentation skills. Communication skills are developed through particular tasks and assignments and are improved through constructive criticism. Reading skills and listening skills support the direct communication skills.

INTERPERSONAL SKILLS Effective interaction between two people requires a solid foundation of interpersonal skills. The success of such interaction depends on empathy, or the ability to identify with and understand the problems, concerns, and motives of others. Leadership, supervision, and interviewing skills also facilitate a professional's interaction with others.

PERSONAL/SELF SKILLS Personal/self skills form the foundation for growth in the use of all other skills. To succeed, a professional must take initiative, possess self-confidence, show independence, and be ethical in all areas of life. Personal/self skills can be enhanced significantly by the formal learning process and by peers and mentors who provide models upon which one can build. Accounting is just one course in your entire curriculum, but it can play an important role in your skill development. Your instructor is interested in helping you gain both a knowledge of

accounting and the more general skills you will need to succeed in the business world. The following sections describe how you can get the most out of this course.

The Teaching/Learning Cycle™

Both teaching and learning have natural, parallel, and mutually compatible cycles. This teaching/learning cycle, as shown in Figure 1, interacts with the basic structure of learning objectives in this text.

THE TEACHING CYCLE The inner (tan) circle in Figure 1 shows the steps an instructor takes in teaching a chapter. Your teacher *assigns* material, *presents* the subject in lecture, *explains* by going over assignments and answering questions, *reviews* the subject prior to an exam, and *assesses* your knowledge and understanding using examinations and other means of evaluation.

THE LEARNING CYCLE Moving outward, the next circle (green) in Figure 1 shows the steps you should take in studying a chapter. You should *preview* the material, *read* the chapter, *apply* your understanding by working the assignments, *review* the chapter, and *recall* and *demonstrate* your knowledge and understanding of the material in examinations and other assessments.

INTEGRATED LEARNING OBJECTIVES Your textbook supports the teaching/learning cycle through the use of integrated learning objectives. Learning objectives are simply statements of what you should be able to do after you have completed a chapter. In Figure 1, the outside (blue) circle shows how learning objectives are integrated into your text and other study aids and how they interact with the teaching/learning cycle.

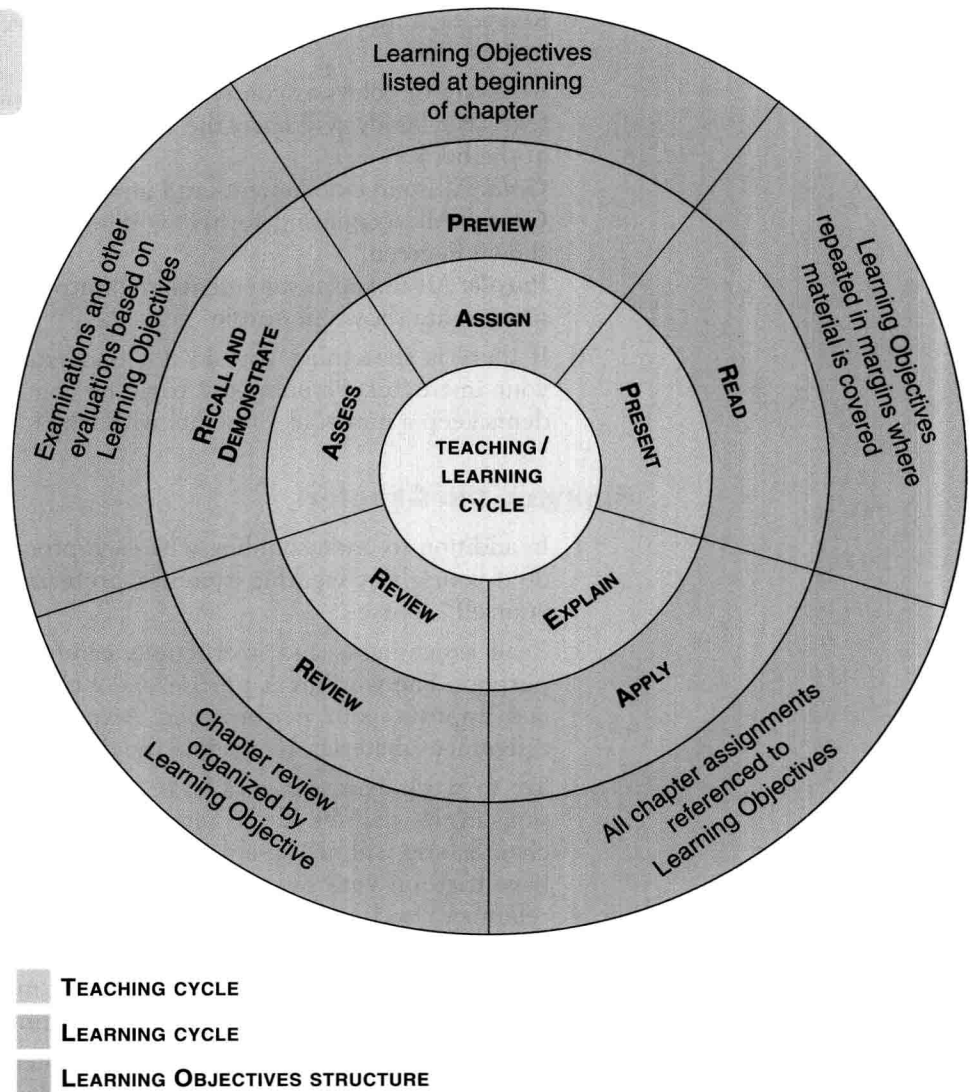
1. Learning objectives listed at the beginning of each chapter aid your teacher in making assignments and help you preview the chapter.
2. Each learning objective is referenced in the margin of the text at the point where that subject is covered to assist your teacher in presenting the material and to help you organize your thoughts as you read the material.
3. Every exercise, problem, and case in the end-of-chapter assignments shows the applicable learning objective(s) so you can refer to the text if you need help.
4. A summary of the key points for each learning objective, a list of new concepts and terms referenced by learning objectives, and a review problem covering key learning objectives assist you in reviewing each chapter. The Study Guide, also organized by learning objectives, provides additional review.

WHY STUDENTS SUCCEED Students succeed in their accounting course when they coordinate their personal learning cycle with their instructor's cycle. Students who do a good job of previewing their assignments, reading the chapters before the instructor is ready to present them, preparing homework assignments before they are discussed in class, and reviewing carefully will ultimately achieve their potential on exams. Those who get out of phase with their instructor, for whatever reason, will do poorly or fail. To ensure that your learning cycle is synchronized with your instructor's teaching cycle, check your study habits against the following suggestions.

Previewing the Chapter

1. Read the learning objectives at the beginning of the chapter. These learning objectives specifically describe what you should be able to do after completing the chapter.

Figure 1
The Teaching/Learning Cycle™ with
Integrated Learning Objectives



2. Study your syllabus. Know where you are in the course and where you are going. Know the rules of the course.
3. Realize that in an accounting course, each assignment builds on previous ones. If you do poorly in Chapter 1, you may have difficulty in Chapter 2 and be lost in Chapter 3.

Reading the Chapter

1. As you read each chapter, be aware of the learning objectives in the margins. They will tell you why the material is relevant.
2. Allow yourself plenty of time to read the text. Accounting is a technical subject. Accounting books are so full of information that almost every sentence is important.
3. Strive to understand not only how each procedure is done, but also why it is done. Accounting is logical and requires reasoning. If you understand why something is done in accounting, there is little need to memorize.

4. Relate each new topic to its learning objective and be able to explain it in your own words.
5. Be aware of colors as you read. They are designed to help you understand the text. (For handy reference, the use of color is also explained on the back cover of the book.)
Gold: All source documents and inputs are in gold.
Green: All accounting forms, working papers, and accounting processes are shown in green.
Purple: All financial statements, the output or final product of the accounting process, are shown in purple.
6. If there is something you do not understand, prepare specific questions for your instructor. Pinpoint the topic or concept that confuses you. Some students keep a notebook of points with which they have difficulty.

Applying the Chapter

1. In addition to understanding why each procedure is done, you must be able to do it yourself by working exercises, problems, and cases. Accounting is a “do-it-yourself” course.
2. Read assignments and instructions carefully. Each assignment has a specific purpose. The wording is precise, and a clear understanding of it will save time and improve your performance. Acquaint yourself with the end-of-chapter assignment materials by reading the description of them in the Preface.
3. Try to work exercises, problems, and cases without referring to their discussions in the chapter. If you cannot work an assignment without looking in the chapter, you will not be able to work a similar problem on an exam. After you have tried on your own, refer to the chapter (based on the learning objective reference) and check your answer. Try to understand any mistakes you may have made.
4. Be neat and orderly. Sloppy calculations, messy papers, and general carelessness cause most errors on accounting assignments.
5. Allow plenty of time to work the chapter assignments. You will find that assignments seem harder and that you make more errors when you are feeling pressed for time.
6. Keep up with your class. Check your work against the solutions presented in class. Find your mistakes. Be sure you understand the correct solutions.
7. Note the part of each exercise, problem, or case that causes you difficulty so you can ask for help.
8. Attend class. Most instructors design classes to help you and to answer your questions. Absence from even one class can hurt your performance.

Reviewing the Chapter

1. Read the summary of learning objectives in the chapter review. Be sure you know the definitions of all the words in the review of concepts and terminology.
2. Review all assigned exercises, problems, and cases. Know them cold. Be sure you can work the assignments without the aid of the book.
3. Determine the learning objectives for which most of the problems were assigned. They refer to topics that your instructor is most likely to emphasize on an exam. Scan the text for such learning objectives and pay particular attention to the examples and illustrations.