

Fundamental Accounting Principles

Eighteenth Edition

Wild

Larson

Chiappetta

18
edition

Fundamental Accounting Principles

John J. Wild
University of Wisconsin at Madison

Kermit D. Larson
University of Texas at Austin

Barbara Chiappetta
Nassau Community College

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To my wife **Gail** and children, **Kimberly, Jonathan, Stephanie, and Trevor.**
 To my wife **Nancy.**
 To my husband **Bob**, my sons **Michael and David**, and my **mother.**



FUNDAMENTAL ACCOUNTING PRINCIPLES

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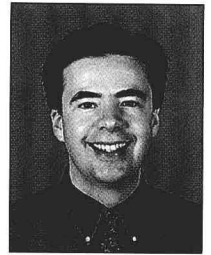
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John J. Wild is a professor of accounting and the Robert and Monica Beyer Distinguished Professor at the University of Wisconsin at Madison. He previously held appointments at Michigan State University and the University of Manchester in England. He received his BBA, MS, and PhD from the University of Wisconsin.



Professor Wild teaches accounting courses at both the undergraduate and graduate levels. He has received the Mabel W. Chipman Excellence-in-Teaching Award, the departmental Excellence-in-Teaching Award, and the Teaching Excellence Award from the 2003 and 2005 business graduates at the University of Wisconsin. He also received the Beta Alpha Psi and Roland F. Salmonson Excellence-in-Teaching Award from Michigan State University. Professor Wild is a past KPMG Peat Marwick National Fellow and is a recipient of fellowships from the American Accounting Association and the Ernst and Young Foundation.

Professor Wild is an active member of the American Accounting Association and its sections. He has served on several committees of these organizations, including the Outstanding Accounting Educator Award, Wildman Award, National Program Advisory, Publications, and Research Committees. Professor Wild is author of *Financial Accounting* and *Financial Statement Analysis*, both published by McGraw-Hill/Irwin. His research appears in *The Accounting Review*, *Journal of Accounting Research*, *Journal of Accounting and Economics*, *Contemporary Accounting Research*, *Journal of Accounting, Auditing and Finance*, *Journal of Accounting and Public Policy*, and other journals. He is past associate editor of *Contemporary Accounting Research* and has served on several editorial boards including *The Accounting Review*.

Professor Wild, his wife, and four children enjoy travel, music, sports, and community activities.

Kermit D. Larson is the Arthur Andersen & Co. Alumni Professor of Accounting Emeritus at the University of Texas at Austin. He served as chairman of the University of Texas Department of Accounting and was visiting professor at Tulane University. His scholarly articles have been published in a variety of journals, including *The Accounting Review*, *Journal of Accountancy*, and *Abacus*. He is the author of several books, including *Financial Accounting* and *Fundamentals of Financial and Managerial Accounting*, both published by McGraw-Hill/Irwin.



Professor Larson is a member of the American Accounting Association, the Texas Society of CPAs, and the American Institute of CPAs. His positions with the AAA have included vice president, southwest regional vice president, and chairperson of several committees, including the Committee of Concepts and Standards. He was a member of the committee that planned the first AAA doctoral consortium and served as its director.

Professor Larson served as president of the Richard D. Irwin Foundation. He also served on the Accounting Accreditation Committee and on the Accounting Standards Committee of the AACSB. He was a member of the Constitutional Drafting Committee of the Federation of Schools of Accountancy and a member of the Commission on Professional Accounting Education. He has been an expert witness on cases involving mergers, antitrust litigation, consolidation criteria, franchise taxes, and expropriation of assets by foreign governments. Professor Larson served on the Board of Directors and Executive Committee of Tekcon, Inc., and on the National Accountants Advisory Board of Safe-Guard Business Systems. In his leisure time, he enjoys skiing and is an avid sailor and golfer.

Barbara Chiappetta received her BBA in Accountancy and MS in Education from Hofstra University and is a tenured full professor at Nassau Community College. For the past 17 years, she has been an active executive board member of the Teachers of Accounting at Two-Year Colleges (TACTYC), serving 10 years as vice president and as president from 1993 through 1999. As an active member of the American Accounting Association, she has served on the Northeast Regional Steering Committee, chaired the Curriculum Revision Committee of the Two-Year Section, and participated in numerous national committees.



In 1998, Professor Chiappetta was inducted into the American Accounting Association Hall of Fame for the Northeast Region. She received the Nassau Community College dean of instruction's Faculty Distinguished Achievement Award in 1995. Professor Chiappetta was honored with the State University of New York Chancellor's Award for Teaching Excellence in 1997. As a confirmed believer in the benefits of the active learning pedagogy, Professor Chiappetta has authored *Student Learning Tools*, an active learning workbook for a first-year accounting course, published by McGraw-Hill/Irwin.

In her leisure time, Professor Chiappetta enjoys tennis and participates on a U.S.T.A. team. She also enjoys the challenge of bridge. Her husband, Robert, is an entrepreneur in the leisure sport industry. She has two sons—Michael, a lawyer, specializing in intellectual property law in New York, and David, a composer, pursuing a career in music for film in Los Angeles.



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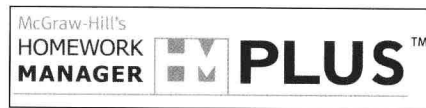
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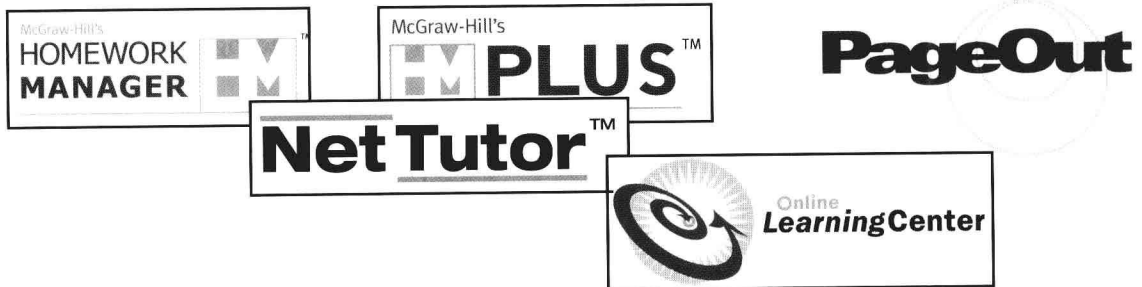
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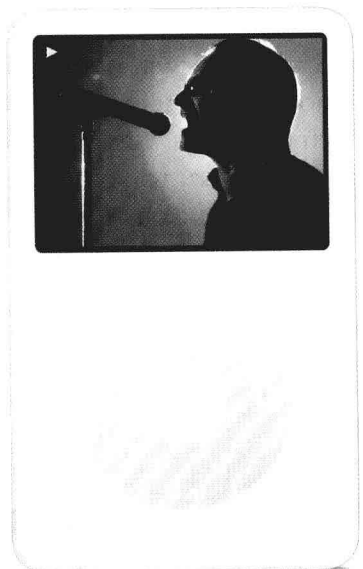


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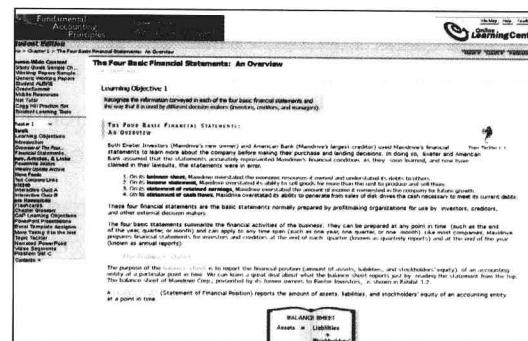


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Jim Shelton, Freed-Hardeman University
"Homework Manager is working out really well, and I believe it is significantly contributing to increased performance on exams."



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How Can Text-Related Web Resources Enhance My Course?

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

- Generic Template Working Papers
- Cogg Hill Practice Set
- Chapter Learning Objectives
- Chapter Glossaries
- Key Term Flashcards
- Interactive Chapter Quizzes A & B
- PowerPoint® Presentations
- Narrated PowerPoint® Presentations
- Topic Tackler Plus Tutorial
- Video Segments
- Excel Template Assignments
- Animated Demonstration Problems
- Problem Set C
- More Taking It To The Net Exercises
- *BusinessWeek* articles
- NetTutor

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

- Sample Syllabi
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- General Ledger and Peachtree Solution Files
- Instructor's Manual
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The OLC Website also serves as a doorway to other technology solutions, like course management systems.

students the edge to succeed?



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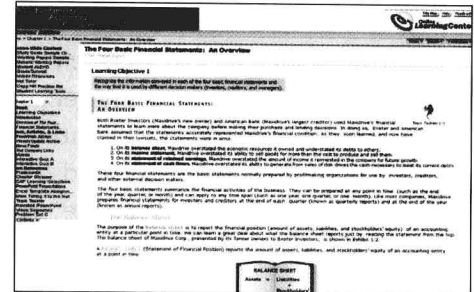


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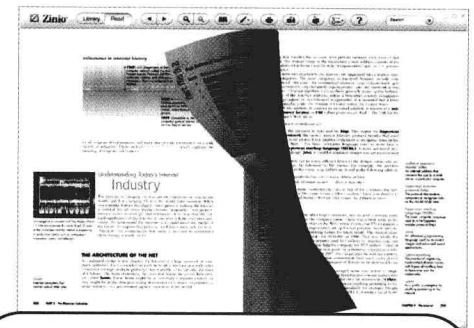


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Scott Barhight, Northampton Community College
"McGraw-Hill gives some of the best customer support, including personal support from John Wild the author of the text."

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Janice Stoudemire, Midlands Technical College

“The supplemental material that this principles accounting text provides is impressive: homework manager, the extensive online learning center, general ledger application software, the topic tackler, net tutor, as well as ALEKS.”

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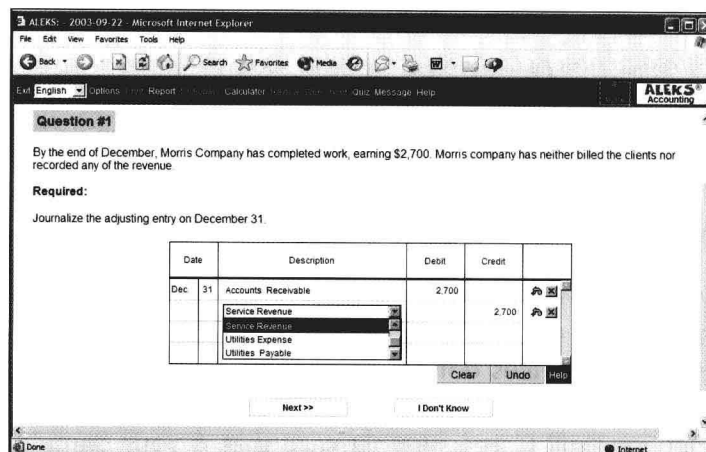
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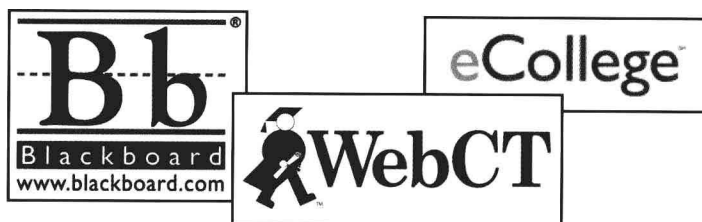
Liz Ott, Casper College

“I originally adopted the book because of the tools that accompanied it: Homework Manager, ALEKS, CPS.”

Online Course Management

No matter what online course management system you use (WebCT, BlackBoard, or eCollege), we have a course content ePack available for *FAP 18e*. Our new ePacks are specifically designed to make it easy for students to navigate and access content online. They are easier than ever to install on the latest version of the course management system available today.

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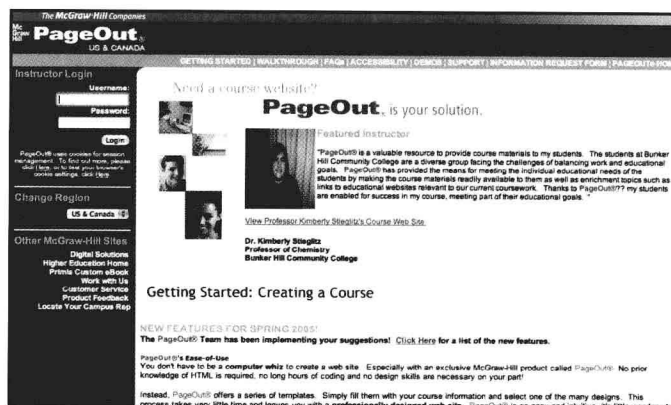
PageOut: McGraw-Hill's Course Management System

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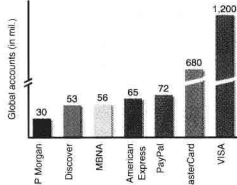


Decision Center

Whether we prepare, analyze, or apply accounting information, one skill remains essential: decision-making. To help develop good decision-making habits and to illustrate the relevance of accounting, *Fundamental Accounting Principles 18e* uses a unique pedagogical framework called the Decision Center. This framework is comprised of a variety of approaches and subject areas, giving students insight into every aspect of business decision-making. Answers to Decision Maker and Ethics boxes are at the end of each chapter.

Decision Insight

PayPal PayPal is legally just a money transfer agent, but it is increasingly challenging big credit card brands—see chart. PayPal is successful for two reasons. (1) Online credit card processing fees often exceed \$0.15 per dollar, but PayPal's fees are under \$0.10 per dollar. (2) PayPal estimates its merchant fraud losses at under 0.2% of revenues, which compares to 1.8% for online merchants using credit cards. (*BusinessWeek* 2005)



| Credit Card | Global accounts (in mil.) |
|------------------|---------------------------|
| JP Morgan | 30 |
| Discover | 53 |
| MBNA | 56 |
| American Express | 65 |
| PayPal | 72 |
| MasterCard | 680 |
| VISA | 1,200 |

Analyzing and Recording Transactions **67**

Decision Analysis

Assess a company's risk of failing to meet its obligations to creditors or equity. A company that finances its operations to a high degree of *financial leverage* must be repaid and often require regular cash payments (which a company might not be able to meet if it is highly leveraged). One way to assess a company's risk is to compute the **debt ratio** as in Exhibit 2.17.

A2 Compute the debt ratio and describe its use in analyzing financial condition.

Exhibit 2.17

Decision Maker Answer—p. 337

Entrepreneur As owner of a start-up information services company, you hire a systems analyst. One of her first recommendations is to require all employees to take at least one week of vacation per year. Why would she recommend a "forced vacation" policy?

Decision Ethics Answer—p. 71

Cashier Your manager requires that you, as cashier, immediately enter each sale. Recently, lunch hour traffic has increased and the assistant manager asks you to avoid delays by taking customers' cash and making change without entering sales. The assistant manager says she will add up cash and enter sales after lunch. She says that, in this way, the register will always match the cash amount when the manager arrives at three o'clock. What do you do?

"This text has the best introductions of any text that I have reviewed or used. Some texts simply summarize the chapter, which is boring to students. Research indicates that material needs to be written in an 'engaging manner.' That's what these vignettes do—they get the students interested."

Clarice McCoy, Brookhaven College

CAP Model

The Conceptual/Analytical/Procedural (CAP) Model allows courses to be specially designed to meet your teaching needs or those of a diverse faculty. This model identifies learning objectives, textual materials, assignments, and test items by C, A, or P, allowing different instructors to teach from the same materials, yet easily customize their courses toward a conceptual, analytical, or procedural approach (or a combination thereof) based on personal preferences.

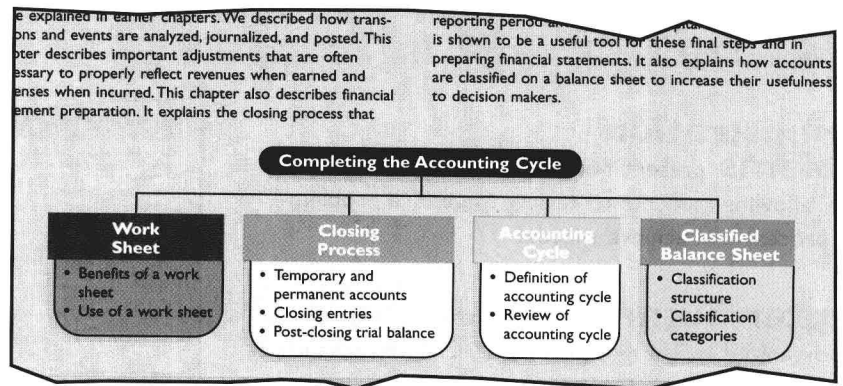
Learning Objectives

CAP

| Conceptual | Analytical | Procedural |
|--|---|--|
| C1 Explain the steps in processing transactions. (p. 48) | A1 Analyze the impact of transactions on accounts and financial statements. (p. 57) | P1 Record transactions in a journal and post entries to a ledger. (p. 54) |
| C2 Describe source documents and their purpose. (p. 49) | A2 Compute the debt ratio and describe its use in analyzing financial condition. (p. 67) | P2 Prepare and explain the use of a trial balance. (p. 63) |
| C3 Describe an account and its use in recording transactions. (p. 49) | | P3 Prepare financial statements from business transactions. (p. 64) |
| C4 Describe a ledger and a chart of accounts. (p. 52) | | |
| C5 Define debits and credits and explain their role in double-entry accounting. (p. 53) | | |

Chapter Preview with Flow Chart

This feature provides a handy textual/visual guide at the start of every chapter. Students can now begin their reading with a clear understanding of what they will learn and when, allowing them to stay more focused and organized along the way.



Quick Check

These short question/answer features reinforce the material immediately preceding them. They allow the reader to pause and reflect on the topics described, then receive immediate feedback before going on to new topics. Answers are provided at the end of each chapter.

Quick Check
Answers—p. 112

1. Describe a company's annual reporting period.
2. Why do companies prepare interim financial statements?
3. What two accounting principles most directly drive the adjusting process?
4. Is cash basis accounting consistent with the matching principle? Why or why not?
5. If your company pays a \$4,800 premium on April 1, 2007, for two years' insurance coverage, how much insurance expense is reported in 2008 using cash basis accounting?

“(This book is) visually friendly with many illustrations. Good balance sheet presentation in margin.”

Joan Cook, Milwaukee Area Technical College

Marginal Student Annotations

These annotations provide students with additional hints, tips, and examples to help them more fully understand the concepts and retain what they have learned. The annotations also include notes on global implications of accounting and further examples.

FastForward

FastForward is a case that takes students through the Accounting Cycle, chapters 1-4. The FastForward icon is placed in the margin whenever this case is discussed.

... (including depreciation) and unearned revenue *before* a related expense or revenue use the recognition of an expense (or or received). The right side of this exhibit reflect transactions when cash is cognized. Adjusting entries are necessary, and liabilities are correctly reported. ... (records one or more income statement accounts the Cash account).

Point: Adjusting is a 3-step process:
 (1) Determine current account balance,
 (2) Determine what current account balance should be, and (3) Record entry to get from step 1 to step 2.

Huck Taylor invests \$30,000 cash in FastForward.

| Assets | | = | Liabilities | + | Equity |
|----------|--|---|--------------------|---|--------------------|
| Cash | | | | | C. Taylor, Capital |
| +30,000 | | = | 0 | + | 30,000 |
| (1) Cash | | | 101 | | 30,000 |
| | | | C. Taylor, Capital | | 301 |
| | | | | | 30,000 |



How are chapter concepts

Once a student has finished reading the chapter, how well he or she retains the material can depend greatly on the questions, exercises, and problems that reinforce it. This book leads the way in comprehensive, accurate end-of-chapter assignments.

Demonstration Problems

Demonstration Problems present both a problem and a complete solution, allowing students to review the entire problem-solving process and achieve success.

Chapter Summaries provide students with a review organized by learning objectives. Chapter Summaries are a component of the CAP model (see page xiv), which recaps each conceptual, analytical, and procedural objective.

Key Terms are bolded in the text and repeated at the end of the chapter with page numbers indicating their location. The book also includes a complete Glossary of Key Terms. Key Terms are also available as online flash cards at the book's Website.

Multiple Choice Questions In response to review and focus group feedback, the author has created Multiple Choice Questions that quickly test chapter knowledge before a student moves on to complete Quick Studies, Exercises, and Problems.

Quick Study assignments are short exercises that often focus on one learning objective. All are included in Homework Manager. There are usually 8-10 Quick Study assignments per chapter.

Exercises are one of this book's many strengths and a competitive advantage. There are about 10-15 per chapter and all are included in Homework Manager.

Problem Sets A & B

are proven problems that can be assigned as homework or for in-class projects. Problem Set C is available on the book's Website. All problems are coded according to the CAP model (see page xiv), and all are included in Homework Manager.

Demonstration Problem

(This problem extends the demonstration problem of Chapter 1. Joanne Worthy started a haircutting business called Express in its first month.)

- On August 1, Worthy invested \$3,000 cash and \$15,000 in equipment for the business.
- On August 2, Expressions paid \$600 cash for furniture.
- On August 3, Expressions paid \$500 cash to rent space.
- On August 4, it purchased \$1,200 of equipment on credit.
- On August 5, Expressions opened for business. Cash received from customers during the first month was \$825.
- On August 15, it provided \$100 of haircutting services for a customer.
- On August 17, it received a \$100 check for services provided.
- On August 17, it paid \$125 to an assistant for working the cash register.
- Cash received from services provided during the second month was \$1,200.
- On August 31, it paid a \$400 installment toward principal on the equipment.
- On August 31, Worthy withdrew \$900 cash for personal use.

Planning the Solution

- Analyze each transaction and use the debit and credit rules to prepare a journal entry for each.
- Post each debit and each credit from journal entries to their ledger accounts and cross-reference each amount in the posting reference (PR) columns of the journal and ledgers.
- Calculate each account balance and list the accounts with their balances on a trial balance.
- Verify that total debits in the trial balance equal total credits.
- To prepare the income statement, identify revenues and expenses. List those items on the statement, compute the difference, and label the result as *net income* or *net loss*.
- Use information in the ledger to prepare the statement of owner's equity.
- Use information in the ledger to prepare the balance sheet.
- Calculate the debt ratio by dividing total liabilities by total assets.
- Analyze the future transactions to identify the accounts affected and apply debit and credit rules.

Solution to Demonstration Problem

1. General journal entries:

| Date | Account Titles and Explanation | PR | Debit | Credit |
|-------|--------------------------------|----|-------|--------|
| Aug 1 | Cash | | 3,000 | |

Key Terms

Key Terms are available at the book's Website for learning and testing in an online Flash Card program.

| | | |
|--------------------------------|---------------------------------|---------------------------|
| Account (p. 49) | Debit ratio (p. 67) | Posting (p. 53) |
| Account balance (p. 53) | Double-entry accounting (p. 53) | Posting reference (p. 53) |
| Balance column account (p. 56) | General journal (p. 54) | Source document (p. 56) |
| Chart of accounts (p. 52) | Journal (p. 54) | T-account (p. 54) |
| Compound journal entry (p. 59) | Journalizing (p. 54) | Trial balance (p. 54) |
| Credit (p. 53) | Ledger (p. 49) | Unearned revenue (p. 51) |
| Creditors (p. 50) | Owner, capital (p. 51) | |
| Debit (p. 53) | Owner, withdrawals (p. 51) | |

Multiple Choice Quiz

Answers on p. 89

Multiple Choice Quizzes A and B are available at the book's Website.

- Amalia Company received its utility bill for the current period of \$700 and immediately paid it. Its journal entry to record this transaction includes a
 - Credit to Utility Expense for \$700.
 - Debit to Utility Expense for \$700.
 - Debit to Accounts Payable for \$700.
 - Debit to Cash for \$700.
 - Credit to Capital for \$700.
- On May 1, Mattingly Lawn Service collected \$2,500 cash from a customer for services provided. Mattingly's journal entry to record this transaction includes a
 - Debit to Cash for \$2,500.
 - Credit to Accounts Payable for \$2,500.
 - Debit to Accounts Payable for \$2,500.
 - Credit to Cash for \$2,500.

QUICK STUDY

Identify the items from the following list that are likely to serve as source documents.

| | | | |
|---|---|--|--|
| QS 2-1 Identifying source documents | <ol style="list-style-type: none"> Sales ticket Income statement Trial balance | <ol style="list-style-type: none"> L. Shue, Capital Cash Land | <ol style="list-style-type: none"> Balance sheet Prepaid insurance Bank statement |
|---|---|--|--|

QS 2-2
Identifying financial statement items

Identify the financial statement(s) where each of the following items appears. Use I for income statement, E for statement of owner's equity, and B for balance sheet.

- Cash
- Owner's equity
- Accounts payable
- Unearned revenue

EXERCISES

For each of the following (1) identify the type of account as an asset, liability, equity, revenue, or expense, (2) enter *debit (Dr.)* or *credit (Cr.)* to identify the kind of entry that would increase the account balance, and (3) identify the normal balance of the account.

| | | |
|-----------------------------|-------------------------------|----------------------------|
| a. Accounts Payable | e. Owner Capital | i. Equipment |
| b. Postage Expense | f. Accounts Receivable | j. Fees Earned |
| c. Prepaid Insurance | g. Owner Withdrawals | k. Wages Expense |
| d. Land | h. Cash | l. Unearned Revenue |

Use the information in each of the following to identify the account type and normal balance.

Exercise 2-1
Identifying type and normal balances of accounts

C3 C5

PROBLEM SET A

Problem 2-1A
Preparing and posting journal entries; preparing a trial balance

G4 C5 A1 P1 P2

PROBLEM SET B

Problem 2-1B
Preparing and posting journal entries; preparing a trial balance

G4 C5 A1 P1 P2

At the beginning of the month, the following transactions occurred:

- Bernadette C. purchased a computer for \$1,200.
- Purchased liability for \$500.
- Purchased a

"One of the best features in FAP is the Serial Problem. I find the continuation of a company from a service to a merchandiser, to a manufacturing, and from a sole proprietorship form or business to a corporation, provides the student a real picture of a company's development. It also provides a consistency from one lesson to another."

Barbara Marotta, Northern Virginia Community College, Woodbridge

Beyond the Numbers exercises ask students to use accounting figures and understand their meaning. Students also learn how accounting applies to a variety of business situations. These creative and fun exercises are all new or updated, and are divided into 10 sections:

- Reporting in Action
- Comparative Analysis
- Ethics Challenge
- Communicating in Practice
- Taking It To The Net
- Teamwork in Action
- Hitting the Road
- *BusinessWeek* Activity
- Entrepreneurial Decision
- Global Decision

Serial Problems use a continuous running case study to illustrate chapter concepts in a familiar context. Serial Problems can be followed continuously from the first chapter or picked up at any later point in the book; enough information is provided to ensure students can get right to work.

BEYOND THE NUMBERS

REPORTING IN ACTION

AI A2

BTN 2-1 Refer to Best Buy's financial statements in Appendix A.

Required

1. What amount of total liabilities does it report for each of the fiscal years ended February 26, 2005?
2. What amount of total assets does it report for each of the fiscal years ended February 26, 2005?
3. Compute its debt ratio for each of the fiscal years ended February 26, 2005.
4. In which fiscal year did it employ more financial leverage (February 26, 2005 or February 26, 2006)? Explain.

SERIAL PROBLEM

Success Systems
AI P1 P2

Lopez launched a computer services company called Success Systems, computer system installations, and custom program development services. Lopez expects to prepare the common financial statements for reporting purposes and expects to prepare the common financial statements on December 31, 2007. The company's initial chart of accounts is as follows:

| No. | Account | No. |
|-----|------------------|-----|
| 101 | A Lopez, Capital | 201 |

"The best feature of this book is the use of real (financial) information in the Beyond the Numbers section. This is something that I do on my own, which can be very time consuming. I also like the Entrepreneurial questions, which are not even addressed in most textbooks."

Cindy Navaroli, Chaffey Community College

The End of the Chapter Is Only the Beginning

Our valuable and proven assignments aren't just confined to the book. From problems that require technological solutions to materials found exclusively online, this book's end-of-chapter material is fully integrated with its technology package.



- Quick Studies, Exercises, and Problems available on Homework Manager (see page ix) are marked with an icon.



- Problems supported by the General Ledger Application Software or Peachtree are marked with an icon.



- The Online Learning Center (OLC) includes more Taking It To The Net exercises, Personal Interactive Quizzes, Excel template assignments, and Problem Set C.



mhhe.com/wildFAP18e

- Problems supported with Microsoft Excel template assignments are marked with an icon.



- Material that receives additional coverage (slide shows, videos, audio, etc.) in Topic Tackler is marked with an icon.

Put Away Your Red Pen

We pride ourselves on the accuracy of this book's assignment materials. Independent research reports that instructors and reviewers point to the accuracy of this book's assignment materials as one of its key competitive advantages.

The authors extend a special thanks to accuracy checkers Barbara Schnathorst, The Write Solution, Inc.; Helen Roybark, Radford University; Beth Woods, CPA, Accuracy Counts; Alice Sineath, Forsyth Technical Community College; Teressa Farough, CPA, and Marilyn Sagrillo, University of Wisconsin - Green Bay.

FAP's revisions are in response to feedback from both instructors and students. Many of these revisions are summarized below. Feedback suggests that *FAP* is the book instructors want to teach from and students want to learn from. Some overall revisions include:

- New multiple choice questions at each chapter-end
- Revised assignments throughout
- New chapter-opening layout
- Updated ratio analyses
- New and revised entrepreneurial elements
- New assignments using chapter openers
- Revised serial problem running through nearly all chapters
- New Circuit City annual report with comparisons to Best Buy, Dixons (UK), and the industry—including new assignments
- New Apple financial statements and assignments

Chapter 1

LoveSac **NEW opener** with new entrepreneurial assignment

Revised, early introduction to financial statements

Enhanced transaction analysis using expanded accounting equation

New material on frauds such as Tyco and WorldCom

Revised illustration and assignments on ethical decisions

New insight on principles-based accounting

New evidence on small businesses

Enhanced materials on Sarbanes-Oxley

New multiple choice questions

Chapter 2

Cake Love **NEW opener** with new entrepreneurial assignment

Enhanced introduction to asset accounts

Streamlined introduction to double-entry accounting

New color layout for transaction analysis

New insight on women entrepreneurs

Revised insight on unearned revenues

New insight on manager pay under Sarbanes-Oxley

Chapter 3

Alienware **NEW opener** with new entrepreneurial assignment

New graphics for prepaid expenses

New graphic for unearned revenues

New insight on gift card sales as unearned revenues

New illustration of accrued revenues

Revised exhibit on accounting adjustments

Enhanced assignments for adjusting entries and ethics

Chapter 4

Betty Rides **NEW opener** with new entrepreneurial assignment

Streamlined exhibit for closing entries

New assignment on aggressive estimates

Streamlined discussion of work sheet

New visual from closing entries to accounts

Chapter 5

CoCaLo **NEW opener** with new entrepreneurial assignment

Enhanced illustration on operating cycle

Revised exhibit on merchandisers' closing entries

Streamlined multi-step income statement

Merchandiser work sheet in appendix

Chapter 6

Surf Diva **NEW opener** with new entrepreneurial assignment

Improved exhibit on cost flow assumptions

Updated exhibit on inventory methods

Enhanced illustration on lower of cost or market

Revised serial problem to add LCM

Chapter 7

Ring Masters **NEW opener** with new entrepreneurial assignment

Enhanced diagrams on special journals and ledgers

New assignments on identifying the special journal of entry

Updated enterprise resource planning (ERP)

New insights on Internet frauds and controls

Chapter 8

Raising Cane's Chicken Fingers **NEW opener** with new entrepreneurial assignment

New material on e-commerce, its risks, its controls, and identity theft

New insight on credit card fraud

New illustration on "Hacker" risks

New diagram on controls for over-the-counter cash receipts

Updated data on Internet frauds

New information on check fraud

New data on fees for bank services

Chapter 9

Linditas' **NEW opener** with new entrepreneurial assignment

New explanation of credit and debit cards

Simplified estimation of uncollectibles

New data on PayPal and credit card growth

Enhanced exhibit on aging of receivables

New data on bad debt percentages

Enhanced exhibit on computing maturity date

Chapter 10

Fairytale Brownies **NEW opener** with new entrepreneurial assignment

Revised exhibit on plant asset disposals

Updated data on depreciation methods used

Moved plant asset exchanges to appendix

Updated book for new standard on asset exchanges

New assignments on asset disposals, goodwill, and intangibles

Chapter 11

Wildflower Linen **NEW opener** with new entrepreneurial assignment

New insight on gift card liabilities

Updated IRS tax forms

Updated IRS withholding table

New insight on guaranteed salary liabilities

New insight on extended-warranty contracts

Applied 2006 payroll tax rates throughout

New diagram for contingent liabilities