

WARREN REEVE FESS ACCOUNTING

CARL S. WARREN

ASSETS = LIABILITIES + OWNER EQUITY

JAMES M. REEVE

PHILIP F. FESS

in customers.

51	21,250
52	2,000
54	4,500
59	21,500
11	10,000

Cash

10,000
500

EDITION 21

ACCOUNTING 21^e

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University of Georgia, Athens

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Accounting 21e

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Carl S. Warren

Dr. Carl S. Warren is Professor Emeritus of Accounting at the University of Georgia, Athens. He has also taught at the University of Iowa, Michigan State University, and the University of Chicago. He received his doctorate degree (Ph.D.) from Michigan State University and his undergraduate (B.B.A.) and masters (M.A.) degrees from the University of Iowa. Dr. Warren's primary teaching focus is on principles of accounting and auditing. He enjoys interacting and learning from colleagues on how to improve student learning and understanding of accounting. His outside interests include writing short stories, novels, oil painting, handball, golf, skiing, backpacking, and fly-fishing.

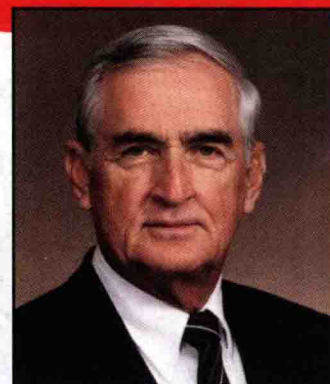


James M. Reeve

Dr. James M. Reeve is the William and Sara Clark Professor of Accounting and Business at the University of Tennessee, Knoxville. He teaches and coordinates the Principles of Accounting course at the University of Tennessee. Dr. Reeve received his Ph.D. from Oklahoma State University in 1980. In addition to his teaching experience, he brings to this text a wealth of experience consulting on managerial accounting issues with numerous companies, including Procter & Gamble, Hershey Foods, Coca-Cola, Sony, and Boeing. Dr. Reeve's interests outside the classroom and business world revolve around reading and issues of faith.

Philip E. Fess—40 Years Of Contributions

The 21st edition marks the 40th year of Phil Fess' contribution to this family of texts. Phil first co-authored the 9th edition of Accounting Principles with Rollie Niswonger, his mentor when he was a student at Miami University. Phil and Rollie worked closely together on six editions as they continued to improve accounting education through listening carefully to users of the texts and authoring thoughtfully. During his tenure as the Arthur Andersen & Co. Alumni Professor of Accountancy at the University of Illinois, Champaign-Urbana, Phil's creativity, innovative ideas, and clear, concise writing style enabled Accounting to retain its position as the leading accounting principles textbook of all time. This new edition still reflects Phil's attention to detail and his unique ability to make textbooks user-friendly. Phil's continuing legacy is the millions of students who, through using the texts, have gained a strong understanding of and appreciation for accounting and its usefulness.



Warren
Reeve
Fess

Prepare for Tomorrow Today

Even as the undisputed leaders in accounting textbook innovation, we faced a daunting challenge with the 21st edition. Yet once again, we are proud to present the world's best tool for teaching accounting, designed and engineered based on the solid foundation of our past success.

Accounting, 21e presents, as always, the most comprehensive content in the market with strikingly clear organization and breakthrough pedagogy. Together with this solid textbook foundation, our leading-edge technology will guide your students toward success in the business world yet to unfold.

We invite you to experience this superior package of text and technology and see how well they perform together.



Tomorrow takes the **WHEEL**

Having reached more than 11.5 million students, it would be easy for the most widely used textbook for accounting principles to coast on the momentum of its success. But being number one doesn't come from just coasting. It comes from continuing our long history of innovation with the 21st edition.

To our many colleagues who contributed their valuable assistance, we extend our gratitude. As users of the 20th edition, they shared their personal insights by providing classroom feedback, participating in focus groups, and filling out questionnaires. In addition, dozens of distinguished reviewers have kept us on track during the revision of this edition. We took all comments very seriously, and **Accounting, 21e** is more robust than its predecessors because of the wide variety of advice we've incorporated.

Accounting, 21e will remain the text of choice for other reasons as well. The companies we profile in the text have grown and changed over time, and so has our coverage of them. We've integrated our work with some of the most powerful and effective technology on the market today. A long list of distinguished authors, editors, and reviewers has guided **Accounting** through the better part of the past century. We are proud to take our part in the evolution of this great tradition.

Back in 1929, author James McKinsey could not have imagined the success and influence this text has enjoyed or that his original vision would remain intact. As the current authors, we appreciate the responsibility of protecting this vision, while continuing to refine it to meet the changing needs of students and instructors. We sincerely thank our many colleagues who have helped to make it happen.

Carl Warren

James O. McKinsey

Philip E. Fess

“The teaching of accounting is no longer designed to train professional accountants only. With the growing complexity of business and the constantly increasing difficulty of the problems of management, it has become essential that everyone who aspires to a position of responsibility should have a knowledge of the fundamental principles of accounting.”

— James O. McKinsey, Author, first edition, 1929

A ACCOUNTING POWERED BY

Based squarely on the success of yesterday, *Accounting, 21e* boldly leads the way into the accounting challenges of tomorrow with innovative learning systems that bring accounting principles and practices to life. Reflecting more realistically than ever the way business operates today, this edition integrates learning options designed to extend the classroom beyond its walls into the unlimited world of the Internet.

You are the best judge of which supplements will best suit your class. For this reason, we've engineered the following content-rich and pedagogically sound course-management technologies so that you can tailor them to meet the needs of your curriculum or a particular class.

These breakthrough technologies serve two important purposes: First, they help make sure your students receive the pedagogical benefits that come with completing homework assignments. Second, they give you more time to devote to other classroom activities.

WebTutor™ Advantage on WebCT™ with Personal Trainer 3.0

WebTutor™ Advantage on Blackboard™ with Personal Trainer 3.0

WebTUTOR™ Advantage

WebTutor Advantage provides you with the most robust and pedagogically advanced content for either the WebCT or Blackboard course management platform. Now you can enliven your course with interactive reinforcement for students as well as powerful instructor tools. With this newest version, the students' content comprehension is assessed after which they are referred to specific content features in WebTutor Advantage or the text to address areas in which they need additional help. Elements of WebTutor Advantage include:



NEW Video Cases

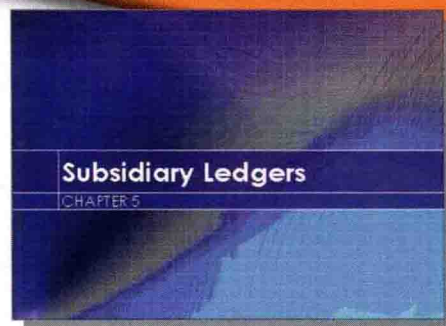
Students get a taste of accounting in action by viewing these lively two- to five-minute segments. Each video covers a key accounting concept as it is played out in a real-world company or situation. Accompanying pedagogy includes a summary of each video, a short description about what the student should look for when watching, and some suggested critical-thinking questions for them to answer at the end.

Chapter Introductory Videos

Students begin each chapter with a brief but engaging Flash introduction to the chapter objectives.

e-Lectures

Because reinforcement is essential to concept retention, each chapter includes two or three Flash presentations that review the chapter's major topics. The presentations are in a visual lecture format with audio that covers one or two key chapter concepts.



Illustrative Problems

These step-by-step Flash presentations review the Illustrative Problems and their solutions from each chapter.

Accounting Cycle Review

With this tool, students get a firm grasp on the key concepts of the accounting cycle by applying what they've learned to realistic situations and problems. Found only in Chapter 4.

NEW Exercise Demos

These demos allow students to review explanations of two to three representative exercises from each chapter in a step-by-step visual format with audio.

Quizzes

Students make great strides with continuous reinforcement. Now they can select from a variety of intriguing options:

- **RE-ACT Quiz** Ten to fifteen multiple-choice and true-false questions cover key concepts in the chapter. Students are directed to specific resources for additional study related to their incorrect answers.

- **Achievement Tests** Similar to those found in the test bank, these tests provide additional opportunities for students to study and quiz themselves in multiple choice, true-false, and matching test formats.

- **Multiple-Choice, True-False, and Matching Quizzes** These quizzes are comprised of the questions provided in the study guide. Using WebTutor Advantage, students can answer them, have them graded, and submit the results directly to their instructor.

QuizBowl

Popular with students, this engaging game allows them to review key accounting concepts.

Crossword Puzzles

This captivating and rewarding option encourages students to go over key chapter terms.



Spanish Dictionary

This timely resource defines common accounting terms in Spanish.

Exercise 3-3 Adjusting entry for supplies
The balance in the supplies account, before adjustment at the end of the year, is \$1,475. Journalize the adjusting entry required if the amount of supplies on hand at the end of the year is \$241.

Step 2. Record adjusting entry in Journal.

General Journal			
Date	Description	Debit	Credit
Adj.	Supplies Expense	1,234	
	Supplies		1,234

Step 3. Post adjustment to Ledger and calculate new balances.

General Ledger T Accounts			
Supplies			
Bal. 1,475	Adj. 1,234		
Supplies Expense			
Adj. 1,234			

A ACCOUNTING POWERED BY

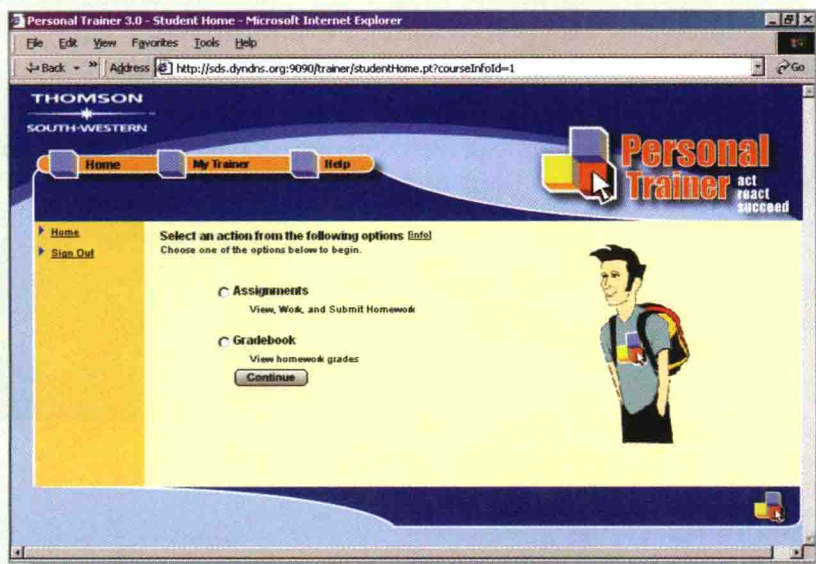
Personal Trainer 3.0

Specifically designed to ease the time-consuming task of grading homework, Personal Trainer lets students complete their assigned homework from the text or practice on unassigned homework online. The results are instantaneously entered into a gradebook.



With annotated spreadsheets and full-blown gradebook functionality, the greatly enhanced Personal Trainer 3.0 provides an unprecedented real-time, guided, self-correcting, learning reinforcement system outside the classroom. Use this resource as an integrated solution for your distance learning or traditional course.

- **Enhanced Questions** Personal Trainer 3.0 now includes all exercises and problems. Students can get help entering their answers in the proper format and run a spell check on their answers. On selected questions, they can call up additional, similar questions for extra practice. Optional algorithmic questions will also be included.
- **Enhanced Instructor Capabilities** The flexible gradebook can display and download any combination of student work, chapters, or activities. Capture grades on demand or set a particular time for grades to be automatically captured. Tag questions as “required” or “excluded,” so students can only access the questions you want them to complete.
- **Enhanced Hints** Students can get up to three hints per activity. These hints can be PowerPoint slides, video clips, images, and more. And instructors can add a hint of their own!



- **Enhanced Look-and-Feel** Fast, reliable, dependable, and even easier to use, Personal Trainer 3.0 sports a fresh, new graphic design.

Personal Trainer is included in WebTutor Advantage, or it can be purchased separately online.

extra!

The screenshot shows a presentation slide from a software package. The title bar at the top reads "Financial Accounting, 4e" and "Financial Accounting, 4e". The slide content includes a process flow diagram on the left and a list of features on the right.

Financial Accounting, 4e

This also provides you access to a robust set of online learning tools:

- eLectures
- Topical Self-test
- Final Self-test
- eAccounts

Process Flow Diagram:

```

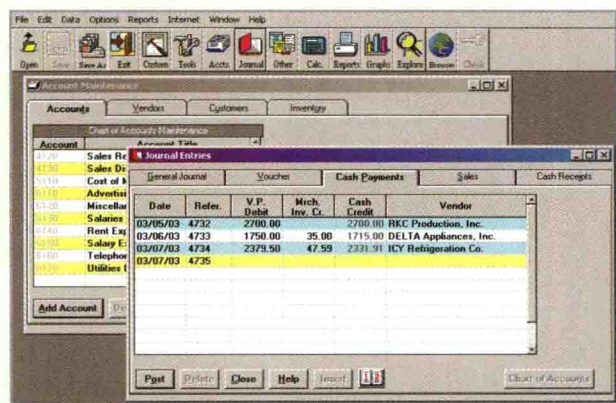
graph LR
    A[Identify the account type and whether it has a debit/credit] --> B[Enter the data after you complete your financial statement or a completed form online]
    B --> C[Register the account-based entries that track into your bookwork]
    C --> D[Enter across several sections which can be grouped with your accounts but located in the same table]
  
```

Extra! Per User

- **e-Lectures** Brief e-Lectures review more difficult concepts from the chapter.
- **Topical Quizzes** Quizzes measure a student's "test readiness" on the concepts in the chapter.
- **Multiple Choice Quizzes** Additional quizzes help students review chapter concepts and prepare for exams. Feedback on their answers gives page references so they know where to look up the questions they've missed!
- **Crosswords** The Crossword Puzzles are a fun way students can review their understanding of key terms and concepts.

Our best-selling computerized accounting software, by Dale Klooster and Warren Allen, **Power Accounting System Software** (*formerly General Ledger Software*) shows students the effects that accounting entries have on financial statements. Solving end-of-chapter problems, the continuing problem, comprehensive problems, and practice sets with P.A.S.S. helps make learning relevant and interesting.

- **Problem Checker** This feature enables students to see if their entries are correct.
- **Real Business Forms** This feature provides students with experience creating invoices and doing payroll.
- **Charts, Graphs, and Ratios** Allows students to analyze financial data, including expense distribution, top customers, sales, budgets, most profitable items, and relevant ratios.



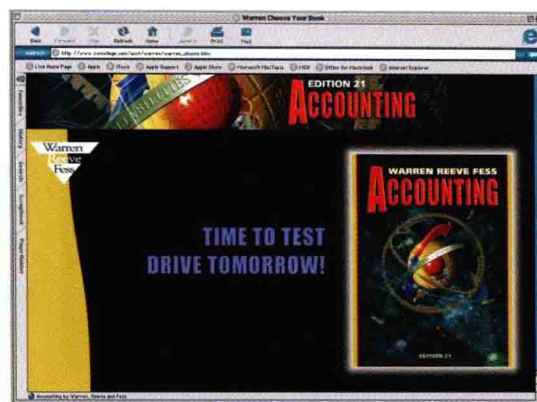
Each problem that can be completed with P.A.S.S. is marked with this icon in the text.

F FREE WEB SITE

Product Support Web Site — <http://warren.swlearning.com>

The Warren/Reeve/Fess Web site provides a variety of free instructor and student resources. There you'll find text-specific content and other related resources organized by chapter and topic.

The free Product Support Web site includes the highly stimulating Interactive Study Center, which provides students with a wide variety of materials for extra studying and review.



- **Key Points** All key points are pulled from the end of each chapter in the text so that students can review them online.
- **e-Lectures** Because reinforcement is essential to concept retention, each chapter includes a Flash presentation that reviews each chapter's major topics.
- **Review Problem** The Illustrative Problems found in each chapter are presented in a step-by-step fashion, helping students understand how the solutions to each were reached.
- **FAQs** Students can review these Frequently Asked Questions in accounting and learn more about many of the key topics in each chapter.
- **Internet Applications** These activities from the text allow students to apply chapter concepts and improve their online research skills.
- **Quizzes** Interactive quizzes in both True-False and Multiple Choice formats provide students with immediate feedback after they submit their answers.

Instructor Resources available to download from the secure instructor's area include the Instructor's Manual, Solutions Manual, PowerPoint Presentations, Spreadsheet Template Solutions, Instructor's Guide to Online Resources, and Technology Demos.

UNIQUE CONTINUING PROBLEM


Preface xi

Dancin Music Continuing Problem



Here's a great opportunity for students to practice what they've learned as they study each step of the accounting cycle. Dancin' Music, an imaginary and entrepreneurial company, provides a contemporary example of keen interest to students. As they follow Dancin' Music, they examine its transactions and see the effect of those transactions on its financial statements. They can use the P.A.S.S. software with this problem as well.

In **Chapter 1**, students **analyze the effects of Dancin Music's first month's transactions on the accounting equation.**




Continuing Problem

Shannon Burns enjoys listening to all types of music and owns countless CDs and tapes. Over the years, Shannon has gained a local reputation for knowledge of music from classical to rap and the ability to put together sets of recordings that appeal to all ages.

During the last several months, Shannon served as a guest disc jockey on a local radio station. In addition, Shannon has entertained at several friends' parties as the host deejay.

On April 1, 2006, Shannon established a proprietorship known as Dancin Music. Using an extensive collection of CDs and tapes, Shannon will serve as a disc jockey at a local bar, at weddings, college parties, and other events. During April, Shan-

In **Chapter 2**, students **review debits and credits** by journalizing Dancin Music's transactions.




Continuing Problem

The transactions completed by Dancin Music during April 2006 were described at the end of Chapter 1. The following transactions were completed during May, the second month of the business's operations:

May 1. Shannon Burns made an additional investment in Dancin Music by depositing \$5,000 in Dancin Music's checking account.

1. Instead of continuing to share office space with a local real estate agency, Shannon decided to rent office space near a local music store. Paid rent for May, \$1,600.
1. Paid a premium of \$5,360 for a comprehensive insurance policy covering the business. The policy covers a two-year period.

In **Chapter 3**, students **review the adjusting process** for Dancin Music.




Continuing Problem

The trial balance that you prepared for Dancin Music at the end of Chapter 2 should appear as follows:

Dancin Music Trial Balance May 31, 2006	
Cash	7,330
Accounts Receivable	1,760
Supplies	920
Prepaid Insurance	3,360
	5,000

In **Chapter 4**, building on what they've learned in Chapters 1, 2, and 3, students **complete the accounting cycle** for Dancin Music, including **preparing the financial statements.**



Continuing Problem

The unadjusted trial balance of Dancin Music as of May 31, 2006, along with the adjustment data for the two months ended May 31, 2006, are shown in Chapter 3.

Instructions

1. Prepare a ten-column work sheet.
2. Prepare an income statement, a statement of owner's equity, and a balance sheet. (Note: Shannon Burns made investments in Dancin Music on April 1 and May 1, 2006.)
3. Journalize and post the closing entries. The income summary account is #55 in the ledger of Dancin Music. Indicate closed accounts by inserting a line in both the debit and credit columns of the closing entry.

ENHANCEMENTS TO

Chapter 1

Opens with a section that defines “business” and describes common types of businesses and their strategies, value chains, and stakeholders. It also includes a section on business ethics.

Accounting, 21e speaks to anyone in an introductory accounting course, because 80% of those students will not be accounting majors. For this reason, *Accounting, 21e* concentrates intentionally on the business of business—how accounting contributes to effective management while emphasizing the most important accounting procedures.

Chapter 1 – Introduction to Accounting and Business

Chapter 4

Begins with a discussion of the accounting cycle. Then it introduces the worksheet as an optional tool for collecting accounting data from a company’s records. Some of the end-of-chapter materials identify the worksheet as an optional requirement.

Chapter 2 – Analyzing Transactions

Chapter 5

Includes an illustration of the revenue and collection cycle in a computerized accounting system using QuickBooks.

Chapter 3 – The Matching Concept and the Adjusting Process

Chapter 6

Introduces merchandising with an income statement that shows the effects of purchases on the cost of goods sold. Sales transactions are illustrated next, followed by purchases transactions and the special topics of transportation costs, sales taxes, and trade discounts.

Chapter 4 – Completing the Accounting Cycle

Chapter 9

Introduces the concept of inventory cost flows without reference to the perpetual or periodic systems. The journal entries in a perpetual system are presented alongside the inventory subsidiary ledger to illustrate the FIFO and LIFO flow of costs.

Chapter 5 – Accounting Systems and Internal Controls

Chapter 6 – Accounting for Merchandising Businesses

Chapter 10

Includes a discussion of classifying the costs of fixed assets and accounting for donated assets. It continues with sections on stages of acquiring fixed assets and the impairment of goodwill.

Chapter 7 – Cash

Chapter 8 – Receivables

Chapter 9 – Inventories

Chapter 10 – Fixed Assets and Intangible Assets

Chapter 11 – Current Liabilities

Includes a section on reporting the current portion of long-term debt and an expanded discussion of 401K plans.

Chapter 11

Chapter 12 – Corporations: Organization, Capital Stock Transactions, and Dividends

Discusses organization costs as expenses. The chapter also includes a comprehensive illustration of reporting stockholders' equity.

Chapter 12

Chapter 13 – Accounting for Partnerships and Limited Liability Corporations

Describes and illustrates the accounting treatment of equity transactions for partnerships and limited liability corporations. It includes a discussion of the lifecycle of a business.

Chapter 13

Chapter 14 – Income Taxes, Unusual Income Items, and Investments in Stocks

Includes the reporting of fixed asset impairments and restructuring charges. The section on comprehensive income examines a statement of comprehensive income and an illustration of reporting accumulated other comprehensive income in the stockholders' equity section of the balance sheet.

Chapter 14

Chapter 15 – Bonds Payable and Investments in Bonds

Chapter 16 – Statement of Cash Flows

Chapter 17 – Financial Statement Analysis

Chapter 18 – Introduction to Managerial Accounting and Job Order Cost Systems

Chapter 19 – Process Cost Systems

Chapter 20 – Cost Behavior and Cost-Volume-Profit Analysis

Chapter 21 – Budgeting

Chapter 22 – Performance Evaluation Using Variances from Standard Costs

Chapter 23 – Performance Evaluation for Decentralized Operations

Chapter 24 – Differential Analysis and Product Pricing

Chapter 25 – Capital Investment Analysis

Chapter 19

Chapter 22

FOCUS ON SKILLS

Critical Thinking and Analysis

As you'd expect from the leader in pedagogical innovation, the colorful and dynamic *Accounting, 21e* text visually highlights conceptual segments designed to help students make the connection between accounting and business. In addition, new box features found in each chapter make the content come to life.

- **Financial Analysis and Interpretation** To help students understand the information in financial statements and how that information is used, this feature describes an important element of financial analysis at the end of each financial chapter.
- **Special Activities** Students need to develop analytical abilities, not just memorize rules. These end-of-chapter activities focus on understanding and solving pertinent business and ethical issues. Some are presented as conversations in which students can “observe” and “participate” when they respond to the issue being discussed.
- **“What Do You Think?”** These exercises and activities encourage students to speculate about the real-world effects of newly learned material.
- **“What’s Wrong With This?”** These innovative exercises challenge students to analyze and discover problems or errors in a financial statement, report, or management decision.
- **Technology-Assisted Learning System** Combined with WebTutor Advantage elements such as illustrative problems, quizzes, and Accounting Cycle Review, students continue to hone and reinforce their critical-thinking skills.



Use of Technology

Internet Activities

These activities acquaint students with the ever-expanding accounting-related areas of the Web.

Web References

Real World Notes and end-of-chapter activities encourage students to engage in real business research.

Technology-Assisted Learning

Teaching and learning solutions are provided in an interactive learning environment. The learning system consists of three elements: WebTutor™ Advantage (on WebCT™ and Blackboard®), Personal Trainer 3.0, and the product Web site.

WebTUTOR™ Advantage

WebCT

Blackboard

Real World Applications

NEW Who Am I?

Presenting a set of intriguing clues about a real company, from The Motley Fool®, this intriguing feature challenges students to identify the company. They can check their decision against the answer provided later in the chapter.



I have 30,000 restaurants in 121 countries, with about 13,000 in the United States. I serve more than 45 million people each day and employ 1.5 million. Moscow's Pushkin Square sports one of my busiest stores. Fortune Magazine named me No. 1 for social responsibility. I'm busy cutting fat from my offerings. I use more than three million pounds of potatoes per day. My New Tastes Menu is Made for You. My spokesman's shoes are size 14½ and he helps sick kids. More

10 Chapter 1 • Introduction to Accounting and Business

INTEGRITY IN BUSINESS

DOING THE RIGHT THING

Time Magazine named three women as "Persons of the Year 2002." Each of these not-so-ordinary women had the courage, determination, and integrity to do the right thing. Each risked their personal careers to expose shortcomings in their organizations. Sherron Watkins, an Enron vice-president, wrote a letter to Enron CEO Kenneth Lay in 2002, warning him of the company's financial problems. She was later indicted as a co-conspirator in the

NEW Integrity in Business

Real-life, business situations provide students with an opportunity to consider ethical issues that they may encounter in the business world.

NEW Spotlight on Strategy boxes

These stimulating, real-business scenarios introduce students to the effects and importance of strategic thinking and its impact on accounting.

SPOTLIGHT ON STRATEGY

WHAT'S NEXT FOR AMAZON?

Amaz.com built its online business strategy on offering books at significant discounts that traditional chains couldn't match. Over the years, Amazon has expanded its online offerings to include DVDs, toys, electronics, and even kitchen appliances. But can its low-cost, discount strategy continue to work across a variety of products? Some have their doubts. The electronics business has lower margins and more competition than books. For example, **Dell Computers**, its

retailer of their prices and have refused to make Amazon.com an authorized dealer. As Lauren Levitan, a noted financial analyst, recently said, "It's hard to be the low-cost retailer. You have to execute flawlessly on a very consistent basis. Most people who try a low-price strategy fail." This risk of failing at the low-cost strategy was validated by **Kmart's** filing for bankruptcy protection in 2002 because of its inability to compete with **Wal-Mart's** low prices.

Source: "A Profitable Amazon Looks to Do an Encore."

FINANCIAL REPORTING AND DISCLOSURE

UNEARNED REVENUE

Microsoft Corporation develops, manufactures, licenses, and supports a wide range of computer software products, including Windows XP®, Windows NT®, Word®, Excel®, and the Xbox®. When Microsoft sells its products, it incurs an obligation to support its software with technical support and periodic updates. As a result, not all the revenue from selling software is earned on the date of sale. Instead, some of the revenue is unearned. That is, the portion of

passes and the support services are provided to customers. Thus, it is necessary to make an adjusting entry each year to transfer unearned revenue to revenue.

The excerpts below from Microsoft's 2002 financial statements describe its accounting for unearned revenue. Microsoft further indicated that, of the \$7,743 million of unearned revenue at June 30, 2002, it expected to recognize \$5,917 million during the next year and \$1,826 million in future years.

NEW Financial Reporting and Disclosure or Managerial Disclosure and Analysis

These boxes that feature actual companies take students through the rigors of the reporting and analysis skills they will need in business.

Real World Notes

With these notes, students get a close-up look at how accounting operates in the marketplace. The following companies are among those highlighted in the margin of the text.

- AT&T
- Campbell Soup Co.
- Mercedes-Benz
- UPS
- Gillette
- Coca-Cola Enterprises Inc.
- J.C. Penney Co.
- Hewlett Packard
- Delta Air Lines
- General Electric
- Ford Motor Co.



REAL WORLD

Sears, Roebuck and Co. sells extended warranty contracts with terms between 12 and 36 months. The receipts from sales of these contracts are reported as unearned revenue (deferred revenue) on Sears' balance sheet. Revenue is recorded as the contracts expire.

FOCUS ON SKILLS

Points of Interest

These attention-getting margin notes offer insight into subjects of high interest to students, such as careers and current events, which helps keep accounting concepts relevant.



POINT OF INTEREST

The tuition you pay at the beginning of each term is an example of a deferred expense to you, as a student.

Real World Exercises

Selected exercises and most special activities are based on real-world data to provide students with practice in working with real company data.

Understand and Review

Questions & Answers

Students check whether they understand what they've just read, using these activities in the margin of the text.



If NetSolutions' adjustment for unearned rent had incorrectly been made for \$180 instead of \$120, what would have been the effect on the financial statements?

Revenues would have been over-
come would

Assume that you have been hired by a pizza restaurant to deliver pizzas, using your own car. You will be paid \$6.00 per hour plus \$0.30 per mile plus tips. What is the best way for you to determine how many miles you have driven each day in delivering pizzas?

One method would be to record the odometer mileage before work and then at quitting time. The difference would be the miles driven. For example, if the odometer read 56,743 at the start of work and 56,889 at the end of work, you would have driven 146 miles. This method is subject to error, however, if you copy down the wrong reading or make a math error.

In the same way, you need information about the status of the business for analyzing the

Relevant Chapter Openers

The beginning of each chapter connects the student's own experiences to the chapter's topic. This tangible link is a great motivator.

New Design

A lively, colorful, and interesting design invites students to read the text. Colorful, clear, and relevant infographics help clarify difficult concepts in a visual presentation.

Exhibit 1 Deferrals and Accruals

