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英文版

财务与会计系列

# 会计学

(第十八版)

## ACCOUNTING

(EIGHTEENTH EDITION)

WARREN, FESS, REEVE



### 世界财经与管理教材大系



东北财经大学出版社

世界财经与管理教材大系  
财务与会计系列·英文版

# 会 计 学

(第十八版)

**Accounting**

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# 出版者的话

但凡成事，均缘于势。得势则事成，失势则事不顺。顺势而行，如顺水行舟；借势而动，如假梯登高；造势而为，如太空揽月。治学、从政、经商、置业，均不可一日失势。势者，长处、趋势也。

今日中国，是开放的中国；当今世界，是开放的世界。改革开放，大势所趋，势不可挡。经济开放、文化开放、政治开放，世界需要一个开放的中国，中国更要融入开放的世界。借鉴国际惯例，学习他人之长，已经到了不可不为之时。

借鉴国际惯例，学习他人之长，已属老生常谈，但学什么、如何学、以何为蓝本为众多志士仁人所关注。可喜的是，由赤诚图文信息有限公司精心策划，ITP、McGraw-Hill 及 Simon & Schuster 等国际出版公司特别授权，东北财经大学出版社荣誉出版的“世界财经与管理教材大系”现已隆重面世！她以“紧扣三个面向，精选五大系列，奉献百部名著，造就亿万英才”的博大胸襟和恢弘气势，囊括经济学、管理学、财务与会计学、市场营销学、商务与法律等财经、管理类主干学科，并根据大学教育、研究生教育、工商管理硕士（MBA）和经理人员培训项目（ETP）等不同层次的需要，相应遴选了具有针对性的教材，可谓体系完整，蔚为大观。所选图书多为哈佛、斯坦福、麻省理工、伦敦商学院、埃维商学院等世界一流名校的顶尖教授、权威学者的经典之作，在西方发达国家备受推崇，被广为采用，经久不衰，大有“洛阳纸贵”之势。

借鉴国际惯例，毕竟只是因势而动；推出国粹精品，才是造势而为。在借鉴与学习的同时，更重要的是弘扬民族精神，创建民族文化。“民族的，才是国际的”。我们提倡学他人之长，但更希望立自己之势。

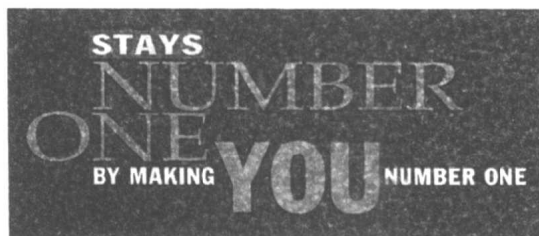
势缘何物，势乃人为。识人、用人、育人、成人，乃人本之真谛。育人才、成能人，则可造大势。育人、成人之根本在教育，教育之要件在教材，教材之基础在出版。换言之，人本之基础在书本。

凡事均需讲效益，所谓成事，亦即有效。高效可造宏基，无效难以为继，此乃事物发展之规律。基于此，我们崇尚出好书、出人才、出效益！

东北财经大学出版社

1998年4月

# Warren/Fess/Reeve *Accounting, 18e*



IN ITS SEVENTH DECADE OF PUTTING STUDENTS *FIRST*.

Accounting, 18e...

## THE STUDENT-APPROVED PACKAGE FOR LEARNING ACCOUNTING



IN ITS SEVENTH DECADE OF PUTTING STUDENTS FIRST.

**M**ORE THAN 10 MILLION STUDENTS LEARNED THEIR FOUNDATION IN BUSINESS RIGHT HERE.

*Accounting, 18e*, is the time-tested leader for teaching accounting in an interesting and understandable way. This renowned learning system continues to be the preferred teaching tool on campuses coast to coast. Through generations of users, *Accounting* has focused on the most current and relevant topics and applications ... providing you with the accounting you need to know as you enter the business world.

**M**AKES ACCOUNTING RELEVANT FOR BOTH ACCOUNTING AND NON-ACCOUNTING MAJORS.

*Accounting, 18e*, is a flexible learning system, presenting accounting in a manner appropriate for every major, every profession, every student. Less theory and more reality makes the material interesting and applicable not just to accounting majors, but to all students. Numerous examples of accounting "at work" in real companies add to the appeal of this popular learning package.

### *Five tips for a top grade*

*Accounting, 18e*, can help you succeed in your chosen profession from finance and marketing to production and management. Read on to find out how your accounting class can be the beginning of a rewarding and stimulating field of study.

1. Read the chapter prior to your instructor's lecture.
2. Work the problems assigned by your instructor.

3. Complete the Continuing Problem in Chs. 1 - 4 so you'll understand an accounting basic — the accounting cycle.
4. Review the illustrative problems in each chapter to test your knowledge of the concepts presented and prepare yourself for your assignments.
5. Attend class! Note-taking during lectures coupled with reading your text will make your accounting experience a successful one.

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Part 5

#### USING ACCOUNTING TO UNDERSTAND BUSINESS

The eight largest partnerships in the United States, as ranked by revenues, are below. Six of these partnerships are accounting firms.

Largest Partnerships in the United States			
Name	Business	Revenues (\$000,000)	No. em.
Goldman, Sachs, & Co.	Securities brokerage, investment banking	12,450	7,
KPMG Peat Marwick	Accounting	6,375	76,
Arthur Andersen & Co.	Accounting	6,017	66,
Ernst & Young	Accounting	5,900	63,
Cosper & Lybrand	Accounting	5,602	67,
Deloitte & Touche	Accounting	5,000	56,
Pricewaterhouse	Accounting	3,887	49,
McKinsey & Co.	Management consulting	1,230	5,

Source: *Forbes*, December 6, 1993, pp. 270-281.

This reporting is done on information returns. The partners must, in turn, report their share of partnership income on their personal tax returns.

A partnership is created by a contract. It is not necessary that the contract be in writing, nor even that its terms be specifically expressed. However, good practice requires that the contract be in writing and that it clearly express the intentions of the partners. The contract is known as the partnership agreement. It should include statements regarding such matters as the amount to be invested, limits on withdrawals, distributions of income, and admission and withdrawal of partners.

#### ADVANTAGES AND DISADVANTAGES OF PARTNERSHIPS

## ACCOUNTING, 18E, IS THE LEARNING SYSTEM THAT'S CURRENT WITH TODAY.

This learning package is current in its content, its style of teaching, and as a flexible learning system. It's the culmination of our asking instructors what they need for teaching, what works with students, and which teaching tools really make a difference in the classroom.

Count on *Accounting* to be the learning package that will help you succeed in the accounting portion of your business curriculum.

## WHAT CAN YOU EXPECT?

Content that's relevant to you. A format and writing style that students like you told us you like. And examples that make accounting more interesting, more pertinent, more real world. We even bring you video lecture tapes and a Student Tutorial Software in case you miss class or need extra help. We want you to succeed so we offer an unparalleled supplemental learning package to help you do just that. That's why *Accounting, 18e*, stays number one — by making you number one!

### Chapter 10 Patent Assets and Intangible Assets

life is estimated as 5 years. The entry to amortize the patent at the end of the fiscal year is as follows:

Dec 31	Adjusting Entry	
	Amortization Expense—Patents	20,000
	Patents	20,000

Assume that after two years of use it appears that this patent will have only two years of remaining usefulness. The cost to be amortized in the third year is \$20,000, which is the balance of the asset account, \$40,000 (\$100,000 - \$40,000), divided by two years.

Rather than purchase patent rights, a business may incur significant costs in developing patents through its own research and development efforts. Such costs, called **research and development costs**, are accounted for as current operating expenses in the period in which they are incurred.<sup>13</sup>

Expensing research and development costs in the period they are incurred is justified by two reasons. First, there is a high degree of uncertainty about the future benefits from research and development efforts. In fact, most research and development efforts do not result in patents. Second, even if a patent is granted, it may be difficult to objectively estimate its cost. If many research projects are in process at the same time, for example, it is difficult to separate the costs of one project from another.

Whether patent rights are purchased or developed internally, a business often incurs significant legal fees related to patents. For example, legal fees may be incurred in filing for patents or in defending the legal rights to patents. Such fees should be debited to an asset account and then amortized over the years of usefulness of the patents.

### COPYRIGHTS

The exclusive right to publish and sell a literary, artistic, or musical composition is granted by a copyright. Copyrights are issued by the federal government and extend for 50 years beyond the author's death. The costs of a copyright include all costs of creating the work plus any administrative or legal costs of obtaining the copyright. A copyright that is purchased from another should be recorded at the price paid for it. Because of the uncertainty regarding the useful life of a copyright, it is normally amortized over a short period of time. For example, the copyright costs of this text are amortized over 3 years.

### GOODWILL

In business, goodwill refers to an intangible asset of a business that is created from such favorable factors as location, product quality, reputation, and managerial skill. Goodwill allows a business to earn a rate of return on its investment that is often in excess of the normal rate for other firms in the same business.

Generally accepted accounting principles permit the recording of goodwill in accounts only if it is objectively determined by a transaction. An example of such a transaction is the purchase or sale of a business. In addition, goodwill should be amortized over its estimated useful life, which cannot exceed 40 years.<sup>14</sup> For example, in its 1994 annual report, Le-Z-Boy Chair Company reported that its American goodwill from acquired companies over a period of 30 years.

<sup>13</sup> Statement of Financial Accounting Standards, No. 2, "Accounting for Research and Development Costs," FASB.

<sup>14</sup> Statement of Financial Accounting Standards, No. 14, "Goodwill Assets," pp. 20-21.

### Chapter 11 Payroll, Notes Payable, and Other Current Liabilities

both the schedule of future tax rates and the maximum amount subject to tax are revised often by Congress, such changes have little effect on the basic payroll system. In this text, we will use a combined rate of 7.5% on the first \$70,000 of annual earnings and a rate of 1.5% on annual earnings in excess of \$70,000.

To illustrate, assume that John T. McGrath's annual earnings prior to the current payroll period total \$69,150. Assume also that the current period earnings are \$1,150. The FICA tax of \$66.25 is determined as follows:

Earnings subject to 7.5% FICA tax	
(\$70,000 - \$69,150)	\$ 850
FICA tax rate	7.5%
FICA tax	\$ 63.75
Earnings subject to 1.5% FICA tax	
(\$69,150 + \$1,150 - \$70,000)	\$ 300
FICA tax rate	1.5%
FICA tax	\$ 4.50
Total FICA tax	\$ 68.25

### YOUR SOCIAL SECURITY TAXES

In the 1986 publication, *Security in Your Old Age*, the Social Security Board set forth the following explanation of how the social security tax would affect a worker's paycheck:

The taxes called for in this law will be paid both by your employer and by you. For the next 3 years you will pay maybe 10 cents a week, maybe 15 cents a week, maybe 20 cents a week, according to what you earn. This is for the next 3 years, beginning January 1, 1987, you will pay 1 cent for every dollar you earn, and at the same time your employer will pay 1 cent for every dollar you earn, up to \$3,000 a year. After that, the rate will be 1.25 cents for every dollar you earn, up to \$3,000 a year. Then it is the most you will ever pay.

The rate on January 1, 1995, was 7.65 cents per dollar earned (7.65%). The social security portion was 6.2% on the first \$60,000 of earnings. The Medicare portion is 1.45% on all earnings.

After the first 3 years—that is, after beginning in 1990—you will pay, and your employer will pay, 1.45 cents for each dollar you earn, up to \$3,000 a year.

### INCOME TAXES

Except for certain types of employment, all employers must withhold a portion of employee earnings for payment of the employees' federal income tax. As a basis for determining the amount to be withheld, each employee completes and submits to the employer an "Employee's Withholding Allowance Certificate," often called a W-4. Exhibit 1 on the next page is an example of a completed W-4 form.

You may recall filling out a W-4 form. On the W-4, an employee indicates marital status, the number of withholding allowances, and whether any additional allowances are authorized. A single employee may claim one withholding allowance. A married employee may claim an additional allowance for each spouse. An

# LESS THEORY MORE REALITY



# LEARN TO USE ACCOUNTING TO UNDERSTAND AND SUCCEED IN BUSINESS.



IN ITS SEVENTH DECADE OF PUTTING STUDENTS FIRST.

**A**CCOUNTING, 18e, IS FULL OF FEATURES TO HELP YOU UNDERSTAND HOW ACCOUNTING FUNCTIONS IN TODAY'S BUSINESS WORLD. FROM COVER TO COVER, YOU'LL FIND VALUABLE INFORMATION NO MATTER WHAT CAREER PATH YOU CHOOSE. TAKE A LOOK AT SOME OF THE MANY RELEVANT AND INTERESTING TOPICS THAT LIE AHEAD.

## NEW!

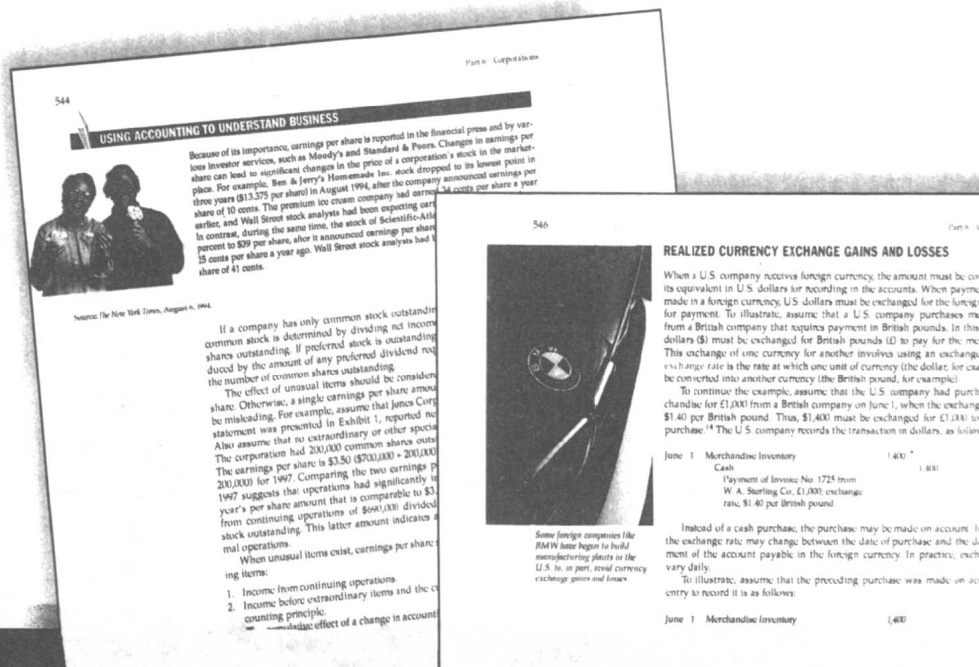
### "Using Accounting To Understand Business"

*Accounting, 18e*, puts accounting into real-world context. Each chapter includes one or more informative examples that clearly connect accounting to the business environment and show how, as a future business person, you will use accounting information. See pgs. 14, 91, 135, 388, 544, 679.

## Real World Examples



BMW, JCPenney Co., General Electric, Coca-Cola, and numerous other business examples demonstrate how accounting is used in organizations and how it affects businesses worldwide. Integrated throughout the chapters and in the end-of-chapter cases and problems, these examples add concrete meaning to concepts and principles. See pgs. 9, 15, 44, 111, 144, 264, 365, 538.

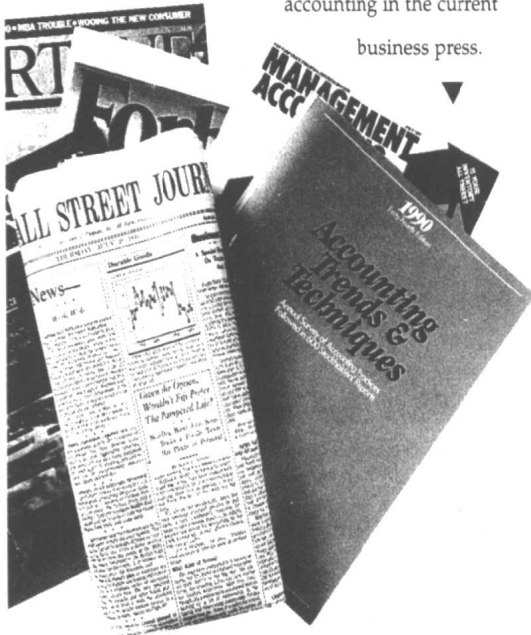




## Excerpts From Popular Journals

What's "in the news" is in this text. Brief excerpts from *The Wall Street Journal*, *Forbes*, *Business Week*, and other periodicals generate stimulating discussions and help you see

accounting in the current business press.



## "You And Accounting"

Found at the beginning of each chapter, these short "stories" relate your personal experience to the chapter's topic, making the material more enjoyable to read and easier to grasp. See pgs. 8, 42, 89, 124, 282, 572, 743. ►

## "What's Wrong With This?"

These unique exercises will challenge you to analyze and discover what is wrong with a financial statement, report, or management decision. You'll gain practical experience and critical-thinking skills that will assist you in the business world. See pgs. 31, 84, 148, 271, 523, 764.

Take a look at just a few of the numerous companies cited throughout the text.

Anheuser-Busch  
Apple Computer, Inc.  
AT&T  
BMW  
British-Petroleum  
Campbell Soup Company  
Coca-Cola Enterprises Inc.  
Delta Air Lines, Inc.  
Fisher Price  
Ford  
Gillette  
Goodyear  
Harley-Davidson

Hershey Foods Corporation  
Hewlett-Packard  
La-Z-Boy  
Mercedes-Benz  
Microsoft Inc.  
Orion Pictures  
PepsiCo, Inc.  
Pier 1 Imports, Inc.  
Price Waterhouse  
RCA  
The Limited, Inc.  
Time Incorporated  
U-Haul  
Walt Disney Co.  
Zenith

## Partnership Formation, Income Division, and Liquidation



### YOU AND ACCOUNTING

Assume that you and a friend have an idea for starting a part-time business to earn some extra money. What does it take to start a business operated by two or more individuals? How much money should each individual (you and your friend) contribute to start the business? How will the profits be divided? Can you withdraw money from the business when ever you want, or do you have to have your friend's (partner's) approval? Can your friend bring someone else into the business as a partner without your approval? Could you or your friend quit the business at any time? Will you be liable for commitments made by your partner, even if they were made without your knowledge? Is the amount you can lose in the business, if it's not successful, limited to the amount you initially invested?

The partnership form of business organization allows two or more persons to combine capital, managerial talent, and experience with a minimum of effort. This form is widely used by small businesses. In many cases, the only alternative to the partnership form of organization is the corporate form. Some states, however, do not permit the corporate form for certain types of businesses. For example, physicians, attorneys, and certified public accountants often organize as partnerships. Medical and legal partnerships made up of 20 or more partners are not unusual, and the number of partners in some national CPA firms exceeds 1,000. The preceding chapters focused on the accounting for sole proprietorships. This chapter describes and illustrates the accounting for the partnership form of organization, which is the form you and your friend would be using in operating your business. The answers to the questions above and the accounting for partnerships will be addressed throughout this discussion.

# PUT ACCOUNTING INTO PRACTICE



IN ITS SEVENTH DECADE OF PUTTING STUDENTS FIRST.

**E**VEN MORE EXERCISES AND ACTIVITIES HELP YOU APPLY WHAT YOU'VE LEARNED FROM *ACCOUNTING, 18E*.

## NEW! Cases

Cases in every chapter are designed to help you use accounting to make business decisions and develop your critical thinking. ►



■ Ethics cases stimulate discussion on ethical dilemmas in business. See pgs. 86, 202, 343.

■ **NEW!** Financial analysis cases based on the annual report of Hershey Foods Corporation help you develop analytical skills. See pgs. 87, 311, 534.

■ **NEW!** Managerial analysis cases require you to use analytical tools in a decision-making setting. See pgs. 772, 859, 894.

## NEW! Continuing Problem in Chs. 1-4

Here's a great opportunity to practice what



you're learning. As you

study each step of the accounting cycle, you can follow a single company, Music A La Mode, from its transactions to the effect of those transactions on its financial statements.

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See pgs. 38, 85, 120, 157.

Chapter 9 Inventories

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### CASES

#### CASE 9-1

##### Hanley Co.

Determining quantities in inventory



Hanley Co. is experiencing a decrease in sales and operating income for the fiscal year ending December 31, 1997. Jill Kuzak, controller of Hanley Co., has suggested that all orders received before the end of the

fiscal year be shipped by midnight, December 31, 1997, even if the shipping department must work overtime. Since Hanley Co. ships all merchandise FOB shipping point, it would record all such shipments as sales for the year ending December 31, 1997, thereby offsetting some of the decreases in sales and operating income.

■ Discuss whether Jill Kuzak is behaving in an ethical manner.

#### CASE 9-2

##### Walgreen Co.

Fifo vs. Lifo



The following amounts were taken from the 1994 financial statements of Walgreen Co.:

Inventories are valued on a first-in, first-out (FIFO) cost basis. At August 31, 1994 and 1993, inventories would have been greater by \$393,568,000 and \$385,464,000, respectively, if they had been valued on a lower-of-first-in, first-out (LIFO) cost or market basis.

Additional data are as follows:

Earnings before income taxes, 1994	\$ 458,421,000
Total LIFO inventories, August 31, 1994	1,263,400,000

Based on the preceding data, determine (a) what the total inventories at August 31, 1994, would have been, using the FIFO method, and (b) what the earnings before income taxes for the year ended August 31, 1994, would have been if FIFO had been used instead of LIFO.

#### CASE 9-3

##### Oskey Wholesale Co.

Lifo and inventory flow

The following is an excerpt from a conversation between Leo Kagle, the warehouse manager for Oskey Wholesale Co., and an accountant, Megan Goodman. Oskey Wholesale operates a large regional warehouse that supplies grocery stores in smaller communities with produce and other grocery products.

Leo: Megan, can you explain what's going on here with these monthly statements?

Megan: Sure, Leo. How can I help you?

Leo: I don't understand this last-in, first-out inventory procedure. It just doesn't make sense.

Megan: Well, what it means is that we assume that the last goods we receive are the first ones sold. So the inventory is made up of the items we purchased first.

Leo: Yes, but that's my problem. It doesn't work that way! We always distribute the oldest produce first. Some of that produce is perishable! We can't keep any of it very long or it'll spoil.

Megan: Leo, you don't understand. We only assume that the products we distribute are the last ones received. We don't actually have to distribute the goods in this way.

Leo: I always thought that accounting was supposed to show what really happened. It all sounds like "make believe" to me! Why not report what really happens?

■ Respond to Leo's concerns.

#### CASE 9-4

##### Hershey Foods Corporation

Financial analysis



A merchandising business should keep enough inventory on hand to meet the needs of its customers. At the same time, however, too much inventory reduces solvency by tying up funds, and it increases expenses such as storage expense. Moreover, excess inventory increases the risk of losses due to prices declining or the inventory becoming obsolete.

As with many types of financial analyses, it is possible to determine more than one measure to express the relationship between the cost of merchandise sold (cost of sales) and inventory. Two such measures are the inventory turnover and the number of days' sales in inventory. The inventory turnover is computed as follows:

Inventory turnover =  $\frac{\text{Cost of merchandise sold}}{\text{Average inventory}}$

The average inventory can be determined by dividing the sum of the inventories at the beginning and end of the year by 2.

## Communication Items



Communication items at the end of chapters help you

develop essential communication skills, key to your business success. See pgs. 112, 121, 341.

## USING ACCOUNTING TO UNDERSTAND BUSINESS



Do you pay your bills, such as utility bills and credit card bills, as soon as they are received? The terms of payment on each bill (the credit terms) may allow you to delay payment a week or more.

Most bills you receive do not offer discounts for early payment. Rather, the bills normally indicate only a due date and perhaps a penalty for late payment. Many times you receive bills weeks before their due date. In such cases, it is to your advantage to file the bill by its due date in a folder or other organizer, such as a desk calendar, and mail the payment a few days before it is due. In this way, you have the opportunity to earn additional interest on the balance of your checking or savings account.

Businesses design their accounting systems in much the same way that you might organize your system for paying bills. That is, they design their accounting systems to pay bills at the latest possible date, but yet take advantage of all discounts and avoid late payment penalties. Oftentimes, businesses computerize their accounting systems so that checks are automatically created when the bill is scheduled for payment. In more advanced computerized systems, the payments may be electronically transferred from the business's bank account to the supplier's bank account without a check even being written.

Jan 12	Merchandise Inventory	1,470	1,470
	Accounts Payable		
	Invoice 106-8 from Wallace		
	Electronics Supply	1,470	1,470
22	Accounts Payable		
	Cash		
	Payment of Invoice 106-8 from Wallace		
	Electronics Supply		

## PURCHASES RETURNS AND ALLOWANCES

When merchandise is returned (purchases return) or a price adjustment is requested (purchases allowance), the buyer usually notifies the seller in writing. The details may be stated in a letter, or the buyer (debtor) may use a debit memorandum. This form, shown in Exhibit 3, informs the seller (creditor) of the amount the buyer proposes to debit to the account payable due the seller. It also states the reasons for the return or the request for a price reduction.

Exhibit 3  
Debit Memorandum

**COMPUTER KING**

1614 LaSalle Street  
Chicago, IL 60602-3391

---

TO: **Power Electronics**  
1614 LaSalle Street  
Chicago, IL 60602-3391

DATE: **July 7, 1998**

---

WE DEBIT YOUR ACCOUNT AS FOLLOWS:

5 No. 8261 Printer Drivers, your Invoice No. 7251, are being returned via parcel post. Our order specified No. 8252.	\$ 15.00
	90.00

The Internal Revenue Service (IRS) oversees the laws and regulations for preparing federal tax returns. These laws and regulations determine the generally accepted accounting principles for preparing financial statements.

Other regulatory agencies exercise a major influence over the accounting principles of the industries under their jurisdiction. For example, the Comptroller and the Federal Deposit Insurance Corporation greatly influence generally accepted accounting principles used by banks. In rare situations, Congress also enacts special laws that require firms to use specific accounting methods.

## International Accounting Standards

The United States economy, as well as the economies of other nations of the world, is becoming more global in nature. For example, more and more companies are investing in companies outside the United States. Likewise, many companies are involved in international transactions with their suppliers.

Currently, accounting concepts and principles differ greatly among nations, economies, and the processes by which concepts and principles are developed. As a result of the increasing global business activity, attention has been given to developing uniform international accounting standards. The primary reason for this effort is the International Accounting Standards Committee (IASC). The IASC was formed in 1973 by the leading professional accounting bodies of Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom, and Ireland.<sup>1</sup> At the present time, over 100 accounting organizations from 77 different countries make up the IASC.

The IASC functions very similarly to the FASB, which we described in Chapter 1. For example, after studying an issue, the IASC prepares a preliminary draft of a proposed standard, which is exposed among its members for comments. After receiving comments, the IASC votes for or against its proposed standard. Currently, over thirty standards have been issued.

The IASC has no enforcement powers. Instead, the members pledge to use the standards to advocate the adoption of the standards in their own countries. As a result, accounting concepts and principles still differ significantly among countries. For example, in the United States and Germany, research and development costs are treated as expenses when incurred. In Japan and the United Kingdom, they are treated as assets when incurred and then amortized as expenses in future periods. Over time, however, as the economies throughout the world become more interdependent, the trend towards more uniformity will continue.

The need for developing uniform international accounting standards arises from the increase in global business activities as nations throughout the world.

## Statements of Financial Accounting Concepts

Objective 2  
Describe the Statements of Financial Accounting Concepts.

As we mentioned in the preceding section, the FASB's *Statements of Financial Accounting Concepts* are the framework for financial accounting. Four of these Statements are relevant to our discussions of accounting for business and are summarized in Exhibit 14.

<sup>1</sup> The United States was represented by the AICPA.  
<sup>2</sup> Of the six statements that have been issued to date, one has been superseded and the other five are in effect for nonbusiness organizations.

## Comprehensive Problems

Found at the end of Chs. 4, 6, 11, and 16, these learning applications integrate and summarize concepts and principles of several chapters to test your comprehension and help you prepare for and pass your midterm and final exams. You may complete these problems manually or use the available Solutions Software. See pgs. 158, 244, 419.

## The Basics

You'll find this handy review of basic accounting facts conveniently located on the inside front cover of your text.

## Computer King ▲

Computer King, a company introduced in Ch. 1 and used in Chs. 2-7, helps you tie together elements of the accounting cycle. See pgs. 44, 93, 212.

## "What Do You Think?" Exercises



Found in the end-of-chapter material, these exercises require analyses beyond the material included in the text. Real companies like Ford and Delta are presented. See pgs. 86, 121.

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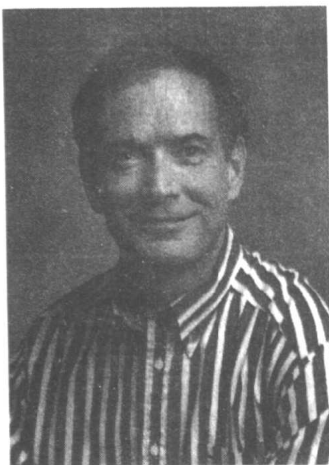


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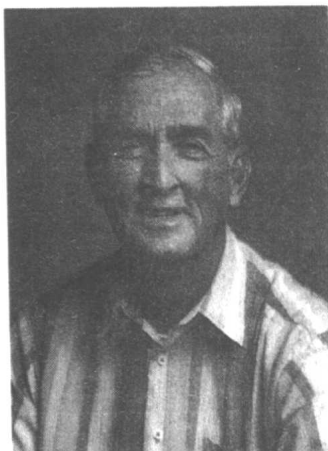
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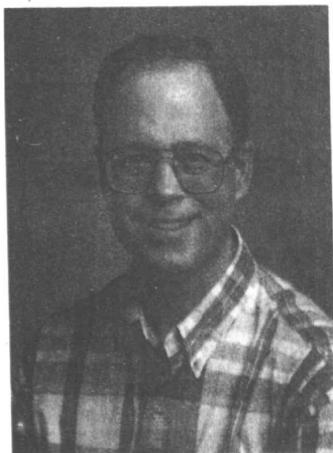
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