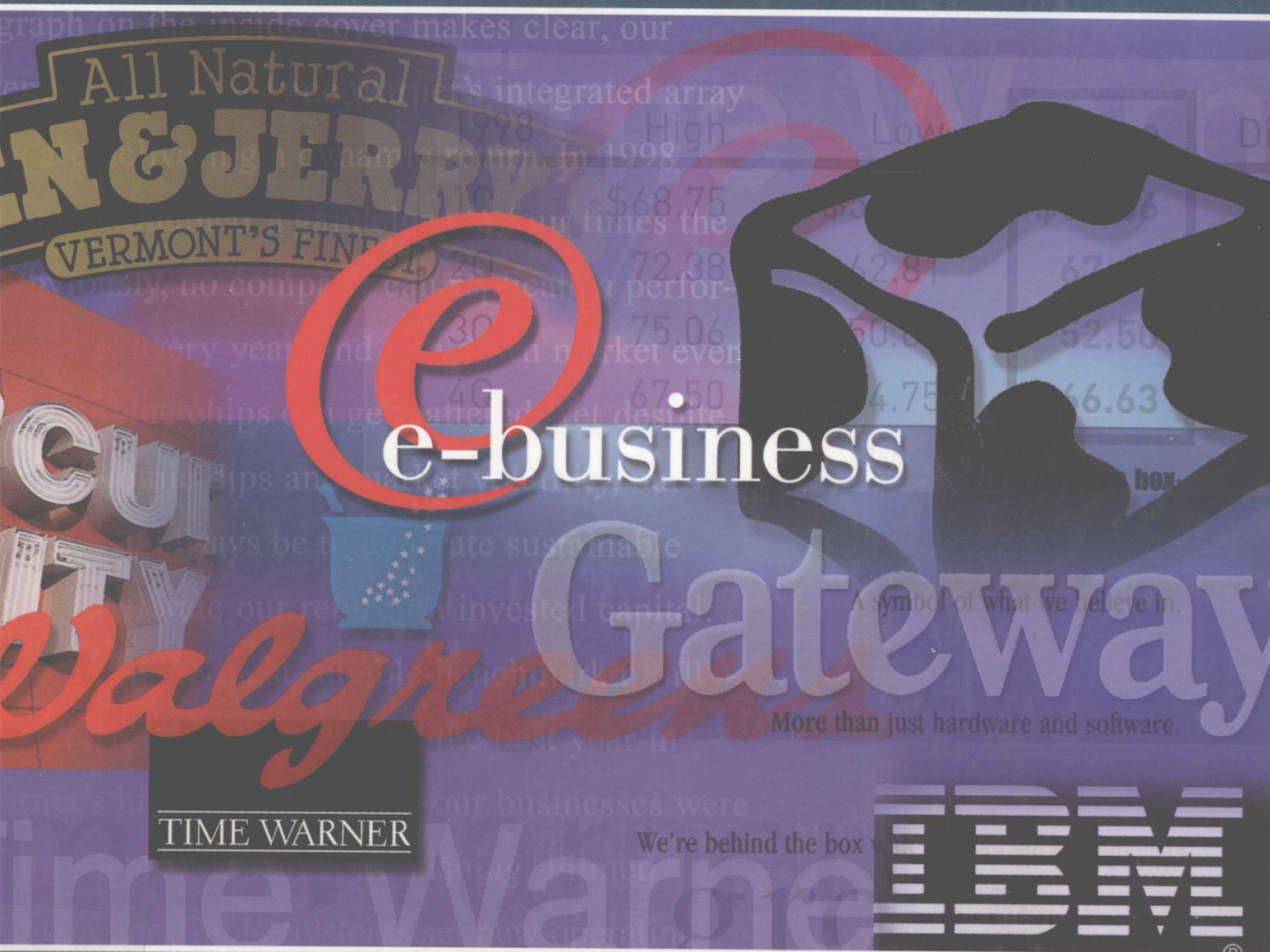


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# Financial Accounting

THIRD EDITION

*The Impact on Decision Makers*



GARY A. PORTER

CURTIS L. NORTON



*Third Edition*

# **FINANCIAL ACCOUNTING**

*The Impact on Decision Makers*

**GARY A. PORTER**

**The University of Montana**

**CURTIS L. NORTON**

**Northern Illinois University**

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*To those who really "count":*

*Melissa*

*Kathy, Amy, Andrew*

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## ***To the Instructor***

### **WELCOME TO THE THIRD EDITION!**

Every instructor we've ever met would prefer something tangible in hand to read and examine when considering a new approach for students or when comparing current teaching material. That's the purpose of this Preface to the Third Edition: to share our vision of the financial accounting course—which has been refined in our successful earlier editions—in a way that embodies the best combination of innovations in this new edition, as honestly and effectively as we can.

Just as accounting education has changed, and continues to change for most of us as instructors, students are also changing in how they learn. With the Third Edition, once again we hold true to our original vision of teaching financial accounting for both users and preparers of financial information—but with a revision focused on greater accessibility by the variety of students we teach.

Because there *are* so many new features and ideas embodied in the Third Edition—and because of our intensified commitment to students and their learning needs—we have organized this introductory material a little differently, as you'll soon see. By directing students to their own introduction, we believe they can get started in the course just that much more efficiently. Naturally you'll want to turn to the Student section on page xxiii when you've finished exploring here.

### **A BALANCED APPROACH TO A FINANCIAL STATEMENT USER ORIENTATION**

When we developed our book in its first two editions, we found that most instructors wanted the best of both worlds: the streamlined topics and the special focus and features for teaching the use of financial accounting information to make decisions, as well as rock-solid coverage and materials for teaching the language and preparation of financial statements from transactions. By striking the right balance with the best combination of topical coverage and pedagogical features for both these valid approaches, we created the most successful new vehicle for teaching financial accounting in twenty years.

As the basis for that success, we created a book and package that was flexible enough so that instructors who wanted elements of both user and preparer approaches could combine topics and features to match their individual vision of the course. Our success has been a byproduct of that commitment to all instructors who teach using elements of both the user and the preparer approach.

"The improvements made to this text are very good."  
Sheila Ammons,  
Austin Community College

### **EVEN MORE FLEXIBILITY IN THE THIRD EDITION**

For the Third Edition, we've increased our *flexibility* in the book and the support materials, as you'll soon see:

- This edition contains *financial information* of public companies that is organized and highlighted to focus efficiently on both what is important about those companies and what is vital for beginning students. At the same time, we continue to include important *procedural material* needed by accounting majors. Similarly, the support materials make access to online financial information easier for study and analysis, while we also





introduce a new, highly interactive online minicourse in the accounting cycle to supplement the text's coverage.

- For the first two editions, we shrink-wrapped the full annual report of Ben & Jerry's Homemade, Inc. with every copy of our text. We quickly became known as "the Ben & Jerry's book" for our inclusion of its annual report. This approach had several advantages: It was fun for students, but more importantly it included all the features to which we believed they should be exposed. Instructors and students alike responded favorably to Ben & Jerry's. Indeed, a single annual report has served until now, when instructors have told us they want to further expand their students' awareness of actual annual reports.
- So for the Third Edition we offer Ben & Jerry's Homemade, Inc., and Gateway, Inc., along with supporting features within each chapter. *The complete 1998 annual reports for both these companies are reprinted in the entirety at the back of the book.* We chose to add Gateway because it is a high-technology company that students can identify with and has financial statements that can be read and understood by beginning accounting students.

Many instructors ask for the latest financial information as a means to keeping students as current as possible and to keep motivation high throughout the course. To meet this need, we will provide updates of the book's features that refer to Ben & Jerry's and Gateway, along with access to the latest-year annual reports, online through our WebCT course. (This WebCT course is available to adopters for use with this book.) Further, adopters will benefit from regular updates via our Web site's Resources page, where news, features, and links to late-breaking information about these two key companies will be found.

With these two guiding elements—a flexible balance and a new annual report update program—we've added a new emphasis on evolving student needs that, we believe, will keep the Third Edition of *Financial Accounting: The Impact on Decision Makers* on target with the needs of your students in their first accounting course.

## NEW "GETTING STARTED" MODULE: A ROAD MAP FOR STUDENTS

"['Getting Started'] presents a good framework for introducing financial accounting."

Gail Cook, University of Wisconsin, Parkside

"These topics are important and may get ignored if [they were part of] ... Chapter 1. This is a good way to start the first class. If students have not yet bought the text, this material can still be discussed."

Sheila Ammons,  
Austin Community College

Students and instructors alike have said that getting started in financial accounting can be difficult. So for the Third Edition we've made the start of the course a priority. One key to getting started is our "To the Student" introduction, starting on page xxiii. Another key is the module that opens the book before Chapter 1.

For the Third Edition, we provide you and your students with a road map to the financial accounting course in the form of an introductory module, "**Getting Started in Business.**" It is designed to help students orient themselves to the business world—from how two partners started a business, to the importance of decision-making, to the forms businesses take and the activities of a business entity.

A major focus of this revision is making the book even more student-friendly—and getting students off on the right foot in the course is the most friendly thing we can do for them. After checking out "To the Student," and "Getting Started in Business," students are better prepared to focus on the core introductory topics which we've streamlined in Chapters 1 and 2.

## ORGANIZATION, PEDAGOGY, AND PACKAGE DESIGNED FOR ENHANCED LEARNING

For the Third Edition, we remain committed to four principles that have been instrumental to the success of the first two editions:

- An emphasis on *pedagogy and student appeal that accommodates most learning styles.*
- A focus on *financial statements.*
- A focus on *actual public companies.*
- A *decision-making* emphasis.

Students learn and understand in a variety of ways, so we have provided a variety of features, including a number of **NEW** features, to help them along the way. The first of these student-oriented features is our book's revised organization and topical changes, which are designed to improve students' ability to focus on what's important.

## ORGANIZATION AND TOPICAL CHANGES TO *ENHANCE LEARNING*

First, combined with "Getting Started," for the Third Edition Chapters 1 and 2 provide a true "first gear" for the course.

**Chapter 1, "Accounting as a Form of Communication,"** has been revised and streamlined to highlight the key introductory issues:

- We moved the first section on the startup of Ben & Jerry's to the "Getting Started in Business" module.
- To start students off right, we reflect the purchase of Ben & Jerry's by Unilever in the chapter-opening vignette and in the Internet research case.
- We provide a **NEW** Exhibit 1-1 on typical questions of users of financial information.
- We revised the text's introduction of the balance sheet to better focus on the relationship of the balance sheet to the accounting equation.
- We annotate and highlight the balance sheet of Ben & Jerry's to focus on this accounting equation relationship.
- We include a **NEW** Exhibit 1-3 on the accounting equation and the balance sheet.
- We add **NEW** brief examples of typical balance sheet items.
- We annotate the income statement to provide students with simple summaries of the two line items introduced in Chapter 1—sales and cost of sales.
- We removed the statement of stockholders' equity and refer students to the shrink-wrapped annual report or the online versions of this statement.
- We moved the introduction to the statement of cash flows, and the statement itself, to Chapter 2.
- We revised the conceptual framework for greater understanding.
- We simplified the introduction of the standard-setting organizations and included this material in Learning Objective 3.

**Chapter 2, "Financial Statements and the Annual Report,"** has been shortened and streamlined to make it more accessible to beginning accounting students.

- Rather than show financial statements for both a hypothetical and a real-world company in each section as in the past, the chapter progresses from enhanced, more graphic coverage of the hypothetical (i.e. "textbook") company statements to example real-world statements using Gateway, Inc.
- We have simplified the language of the objectives of financial reporting.
- We have simplified the explanations of the qualitative characteristics.
- We have focused on introducing the objectives and qualitative characteristics so as to better place them in the context of the use of financial statements.
- We have simplified Exhibit 2-1, "The Application of Financial Reporting Objectives," for better use as a study aid.
- We no longer introduce the details of different depreciation methods in this chapter.
- We have revised Exhibit 2-3 on the operating cycle to be more graphic and to introduce the length of the operating cycle into the exhibit to reinforce the importance of that concept.
- We have annotated the Dixon balance sheet to summarize long-term vs. current assets and liabilities and to aid its use as a study reference.

"This is a good way to start the process of learning accounting."  
Sheila Ammons,  
Austin Community College

"I was impressed by the readability of the chapters. There seems to be a strong effort to get the language at a level that students who have never really thought about what businesses do can relate to. The examples relating to common experiences and specifically to student experiences go a long way to help in this regard."  
Gail Cook, University of  
Wisconsin, Parkside



- We have eliminated several ratios from this introductory chapter, as their coverage in Chapter 2 duplicated coverage elsewhere in the book.
- We have annotated and highlighted Exhibits 2-5 and 2-6 on the income statement for the hypothetical company to better focus on the differences between the single-step and the multi-step formats and as a study reference for the multiple-step concept.
- We have annotated and highlighted Exhibit 2-8 on the hypothetical company's statement of cash flows, to aid study of the three types of activities shown on the statement.
- For simplicity, we have changed the method illustrated on this cash flows statement to the direct method.
- We have minimally annotated Gateway's income statement and balance sheet to show the line items that would be used for simple ratio analysis.
- To avoid adding a level of complication, we have replaced the use of an actual public company in the review problem with a generic company, Grizzly, Inc.

Changes to other chapters are equally exciting for instructors and students. Here are just some of those revisions:

**Chapter 5**, "Merchandise Accounting and Internal Control," continues to serve as an introduction to inventory accounting in Chapter 6. A new Exhibit 5-4 more graphically illustrates the cost of goods sold model, and a sample of the privacy and security policy for The Gap from its website has been added in the internal control section of the chapter.

**Chapter 6**, "Inventories and Cost of Goods Sold," has been revised to focus attention on the fundamental differences in inventory costing methods. Inventory errors have been moved to later in the chapter, and a consignments example has been removed from the errors section as a move toward streamlining.

**Chapter 7**, "Cash, Investments, and Receivables," has been revised to incorporate the material on investments previously covered in Chapter 13. The more complex and seldom-used material on business combinations, consolidated financial statements, and foreign currency has been eliminated from the book.

**Chapter 8**, "Operating Assets: Property, Plant, and Equipment, Natural Resources, and Intangibles," has been updated with new financial statements for all companies and has also been updated for new FASB developments concerning goodwill and the amortization of intangible assets. The AOL/Time Warner merger is introduced.

**Chapter 9**, "Current Liabilities, Contingent Liabilities, and the Time Value of Money," has been updated with new financial statements for all companies. It continues to cover current liabilities, contingent liabilities and the time value of money concepts for those instructors who wish to provide that background material. The appendix concerning payroll accounting has been retained because students find it applicable to their daily work lives.

**Chapter 10**, "Long-Term Liabilities," now utilizes the real-world statements of both Coca-Cola and PepsiCo to allow instructors to compare two companies within the same industry. The section on analysis of long-term liabilities has been moved toward the end of the chapter. Finally, the chapter has been simplified by moving the more advanced topics of deferred tax and pensions to an appendix.

**Chapter 11**, "Stockholders' Equity," now utilizes the financial statements from Delta Air Lines and other companies from the airline industry. A section has been added to stress the role of retained earnings as a link between the income statement and balance sheet, and a new exhibit illustrates this important concept graphically. We have eliminated Chapter 12 and moved sections on the statement of stockholders' equity and comprehensive income to Chapter 11.

**Chapters 12 and 13 from the Second Edition have been eliminated.** Sections on the statement of stockholders' equity and comprehensive income have been moved from the old Chapter 12 to Chapter 11 in the Third Edition. The sections on investments in the old Chapter 13 have been moved to Chapter 7 as noted above.

**Previous Chapters 14 and 15 now become 12 and 13 respectively, for a book shortened to 13 chapters plus the "Getting Started in Business" module.**

## PEDAGOGY DESIGNED TO ENHANCE LEARNING

We place greater emphasis in the Third Edition on making learning financial accounting enjoyable, relevant, and interesting. New features combine with successful approaches used in previous editions to accommodate the variety of learning and instructional styles emerging across the country.

- **Study Links** at the beginning of each chapter give the student an integrated perspective on the material. They review the previous chapter, introduce the current chapter, and look forward to applications for the following chapter.

**NEW:** Key topics in the *current chapter* are highlighted with underlining as a time saver and study aid.

- **Learning Objectives** are stated at the beginning of each chapter and keyed in the margin and used throughout the book and package as a study aid.

### Study Links

#### A Look at This Chapter

We begin the study of accounting by considering what accounting is and who uses the information it provides. We will see that accounting is an important form of communication and that financial statements are the medium that accountants use to communicate with those who in some way have an interest in the financial affairs of a company.

This is the part of the Study Link that focuses on the current chapter. Look at the Chapter 2 opener on page 44 to see how the previous, current, and next chapters are linked.

**NEW:** Page references have been added to the initial listing for easier use.

#### LEARNING OBJECTIVES

#### AT START OF CHAPTER

After studying this chapter, you should be able to:

- LO 1 Identify the primary users of accounting information and their needs. (p. 4)
- LO 2 Explain the purpose of each of the financial statements and the relationships among them and prepare a set of simple statements. (p. 6)

- LO 3 Identify and explain the primary assumptions made in preparing financial statements. (p. 12)
- LO 4 Describe the various roles of accountants in organizations. (p. 15)

- LO 1 Identify the primary users of accounting information and their needs.

#### BESIDE CHAPTER SECTION

#### Multi-Concept Exercises

#### IN HOMEWORK ASSIGNMENTS

##### LO 1,2 Exercise 1-12 Users of Accounting Information and the Financial Statements

Listed below are a number of users of accounting information and examples of questions they need answered before making decisions. Fill in each blank to indicate whether the user is most likely to find the answer by looking at the income statement (IS), the balance sheet (BS), or the statement of retained earnings (RE).

- **NEW! Marginal Glosses** help students identify and grasp terminology better by locating definitions of boldfaced key terms where first used. (These terms and their definitions are later tested in the Key Terms Quiz at the end of the chapter.)
- **NEW! Study Tips** in the margin focus students on key concepts in a section.
- **NEW! Two-Minute Review** boxes at the ends of selected sections invite students to pause, think, and review concepts just learned before continuing on:

#### Two-Minute Review

1. Give at least three examples of current assets.
2. Give the three common categories of noncurrent assets.

#### Answers:

1. Cash, accounts receivable, inventory, short-term investments, and prepaid expenses.
2. Investments, property, plant and equipment, and intangibles.

- **From Concept to Practice** boxes in the margins invite students to apply what they have learned in the text and class to financial statements of the chapter-opening companies, Ben & Jerry's, and Gateway.

#### OPERATING CYCLE

The period of time between the purchase of inventory and the collection of any receivable from the sale of that inventory.

#### Study Tip

The operating cycle of a business is the basis for deciding which assets are current and which ones are noncurrent.

#### From Concept

#### TO PRACTICE 8.3

**REFER TO GATEWAY'S CASH FLOW STATEMENT** What amount did the company spend on capital expenditures during 1998?



- **NEW! Warmup Exercises with Suggested Solutions** give students a preview of assignments to come. These simple exercises, like the Two-Minute Reviews and Key Terms Quizzes, help students move from reading the text to doing the end-of-chapter assignments. Warmup Exercises precede the Review Problem and Solution in each chapter.

## WARMUP EXERCISES

### LO 2 Warmup Exercise 1-3 Ben & Jerry's and the Accounting Equation

Place Ben & Jerry's total assets, total liabilities, and total owners' equity in the form of the accounting equation.

#### Key to the Solution

Recall Exhibit 1-2. You will have to separate the liabilities and the stockholders' equity since they are not subtotaled for you.

## SOLUTIONS TO WARMUP EXERCISES

### Warmup Exercise 1-3 Ben & Jerry's and the Accounting Equation

$$\begin{array}{rcl} \text{Assets} & = & \text{Liabilities} + \text{Owners' Equity} \\ \$149,501 & & \$58,593 + \$90,908 \end{array}$$

Solutions to Warmup Exercises appear following the Review Problem

- **Review Problem with Suggested Solutions.** At the end of every chapter is a review problem and a suggested solution to test students' understanding of some of the major ideas presented in the chapter. (For example, see page 71)

## FINANCIAL STATEMENT FOCUS USING PUBLIC COMPANIES

Through the first two editions, our hallmark has been the use of actual financial statements as examples throughout the book. For the Third Edition we are remaining true to this principle with significant improvements.

- Our chapter-opening vignettes, called "Focus on Financial Results," have been updated and rewritten using many **NEW** companies. They focus on a key aspect of the company and the financial information it presents that relates to the chapter.
  - To view a sample and see how students may use these vignettes effectively, turn to "To the Student," page xxiii.
  - To review the focus of each vignette, see the Table of Contents. In the margin we have included the key issue discussed by the vignette and illustrated in a related financial statement.
- **NEW Business Strategy** boxes, one per chapter, generally focus on a competitor to the chapter-opening company and a key business strategy that is reflected in its financial statements. This is part of one Business Strategy box:

### BUSINESS STRATEGY

**Dell Computers**, like Gateway, is in the business of selling computers directly to consumers and to business and government organizations. It makes each machine to order and, like Gateway, carries a very small inventory at any one time. Dell also shares with Gateway a strategy of growth, seeking to enlarge its market share against such established giants as Compaq and IBM. However, focusing only on growth led Dell to two missteps in the mid-1990s. First, the firm expanded its

Instructor's can use these strategy boxes as additional research topics for homework assignments.

- All real-world financial statements have been updated in the text to the latest possible 1998 or 1999 annual report year. Many have been further highlighted or annotated to focus attention on the specific line item or section being discussed.
- Because many instructors prefer to use the latest financial statements available, we are putting renewed emphasis on **accessing the latest annual report information online**. **NEW:** The URLs of real companies cited are now listed in the margins, and in the chapter openers.
- An updated **Internet Research Case** is again included at the back of each chapter.

[www.benjerry.com](http://www.benjerry.com)  
[www.gateway.com](http://www.gateway.com)  
[www.hoovers.com](http://www.hoovers.com)

## INTERNET RESEARCH CASE

### Case 2-8 Gateway

You can probably do this from your everyday knowledge, but this is good practice in researching a company using the internet. Find a WWW site or a source of information that will list the competitors to Gateway. Choose the top two competitors and answer the following questions:

1. Looking at their balance sheets, what are their total current assets and their total current liabilities? From these numbers, calculate each company's working capital and current ratio. How do they compare to these ratios for Gateway, shown on page 65?
2. From their income statements, calculate their profit margins for the latest year available. How do they compare to those of Gateway, which you were asked to calculate in the From Concept to Practice box on page 67?

**Optional Research:** From the financial information available on their WWW sites, what other comparisons can you make about these companies? Based on your research, are the companies themselves comparable, in such areas as size, products, assets, liabilities, net income? If not, explain five ways in which they differ. Is the financial information itself comparable for the three companies? Explain.



Fill in your source for industry information:

www. \_\_\_\_\_ .com

Gateway and its main competitors:

[www.gateway.com](http://www.gateway.com)

www. \_\_\_\_\_ .com

www. \_\_\_\_\_ .com

- Actual WWW graphics of financial information for selected companies are used throughout. The text's WWW site is enhanced for better research capabilities.
- **Financial information from more public companies** has been included in the end-of-chapter material.

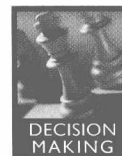
"The Web page references are great additions to the text... The material flows well, and a lot is covered in an efficient manner."

Paquita Friday,  
University of Notre Dame

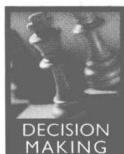
## FEATURES THAT SUPPORT OUR DECISION-MAKING EMPHASIS

Practice in decision making using financial information has been an important principle in past editions. For the Third Edition, we have strengthened the use of financial information to make business and personal financial decisions.

- **Accounting for Your Decisions** boxes in each chapter place the student in a role-playing situation as a user of financial statements, as a decision-maker, and as a future businessperson.
- **Focus on Users** boxes are **NEW** interviews with young businesspersons who use financial information in their everyday decision making. **NEW:** Now included in *every* chapter.
- **Making Financial Decisions cases** and **Accounting and Ethics cases** at the end of the chapter provide additional end-of-chapter support for decision-making using financial information.
- **Internet Research Cases** give the perspective of an actual user or company, provide engaging questions, place the students in a role-playing situation, and give them directions to specific Internet resources for decision-oriented projects.
- **NEW Video Cases** at the end of each of the four parts of the textbook are based on **NEW videos** that focus on financial accounting and business decision-making in four public companies: Tweeter Home Entertainment Inc.; Stride-Rite Inc.; Uno Restaurant Corp., and Lycos.



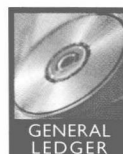
**About our Use of Icons** Icons are like signposts helping students identify their way along the route. For the Third Edition, we include icons for selected functions.



**Decision Making** opportunities in the text (Accounting for Your Decisions boxes) and end-of-chapter material are identified with this icon.



**Internet** resources are identified by a general Internet icon. Specific Web addresses are provided in the margins with this notation: [www.harcourtcollege.com](http://www.harcourtcollege.com).



Problems that may be solved or their solution aided by the Windows **general ledger** program accompanying the text are identified with this icon.



Problems that are supported by the **spreadsheet** problem support tool accompanying the text are identified with this icon.

## SUPPLEMENTS FOR THE INSTRUCTOR

A number of ancillary items are available for the instructor's use:

- **NEW! Instructor's Resource CD:** Includes the Solutions Manual, Instructor's Manual, Test Bank in Word, Lectures in PowerPoint, Spreadsheet Problem Support (instructor version), and General Ledger Problem Solver (instructor version).
- **Solutions Manual** by the text authors, with Donna Hetzel (Western Michigan University) and Kathy Horton (College of DuPage). Solutions are included for every Question, Exercise, Problem, and Case in the text with the exception of the Internet Research Cases. (Solutions and suggested answers to the internet research cases are on the book's website.)
- **Test Bank** by Rita Kingery (University of Delaware). We have made a special effort to assure that test items are well correlated with the end-of-chapter assignments. This test bank is also available in a **Computerized Test Bank** from ExaMaster.
- **Instructor's Manual** by Sheila Ammons (Austin Community College, Northridge) and Susan Looney (Mohave Community College, Kingsland) contains chapter outlines, projects and activities, and a bibliography of readings. Numerous activities throughout are keyed to public companies; their URLs are included to facilitate further research.
- **Teaching and Solutions Transparencies** consist of 100 exhibits from the text and other lecture aids, along with acetates of exercises, problems, and solutions in the text.
- **Web site.** Company research, downloads of instructor and student supplements, and a whole range of activities for students can be found at [www.harcourtcollege.com/accounting/porter3e](http://www.harcourtcollege.com/accounting/porter3e). Included is Getting Started, an online supplement for Financial Accounting organized by topic that contains resources, review questions, including company profiles with financial information. (For a preview, see the front endpapers.)
- **NEW WebCT course administration tools** for two student WebCT courses to accompany the textbook:
  - **WebCourse** The WebCourse to accompany the Third Edition, by Sarah Brown (University of North Alabama), allows instructors to develop and manage their course using tools and resources provided by the publisher as well as their own teaching materials. Examples include a conferencing system, online chat, student progress tracking, group project organization, grade maintenance and distribution, access control, navigation tools, auto-graded quizzes, e-mail, course calendar, and syllabus generator.
  - **OMAR: Online Multimedia Accounting Review** OMAR, by Charles Davis (Baylor University), is our new highly graphical and interactive computer-based tutorial

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short course on the concepts and mechanics of the accounting cycle. It may be used in conjunction with Chapters 3 and 4 of Porter/Norton if the instructor believes that additional review and drill-and-practice in accounting cycle procedures is needed for his or her students. Built on a WebCT platform, OMAR is available as an e-commerce product. Access is also available via a personal information number (PIN) found within a custom student guide to OMAR and WebCT sold to students through the bookstore.

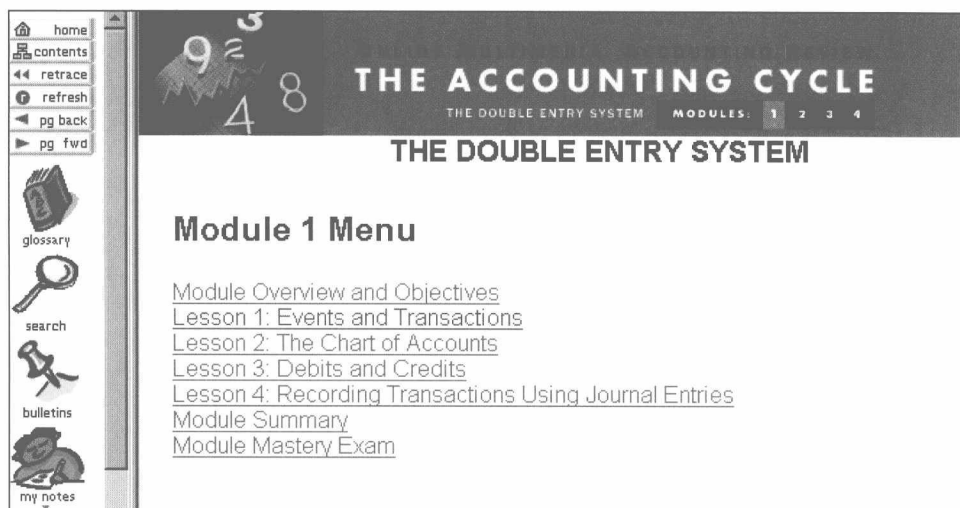
Basic administration of OMAR is simple and uncomplicated—instructors can track student progress through the frequent lesson exercises and module-ending mastery exams, viewing percent completed, time to complete, and which test items were completed.

**A little about WebCT.** WebCT is a software tool that facilitates the creation of sophisticated World Wide Web-based educational environments by non-technical users. Using web browsers as the interface, WebCT can be used to create entire on-line courses, or to simply publish materials that supplement existing courses. For more information about WebCT, and to see current Harcourt courses using WebCT, go to Harcourt College Online Learning Center at [www.webct.harcourtcollege.com](http://www.webct.harcourtcollege.com), or to [www.webct.com](http://www.webct.com)

**A little about OMAR.** OMAR has four modules covering the concepts and procedures of the accounting cycle:

- The Double Entry System
- The Accounting Cycle—Part 1
- Accrual Accounting
- The Accounting Cycle—Part 2

Lessons in each module contain interactive activities, quizzes, graphics, and animations. Each module ends with a grade-reported one-time mastery exam.



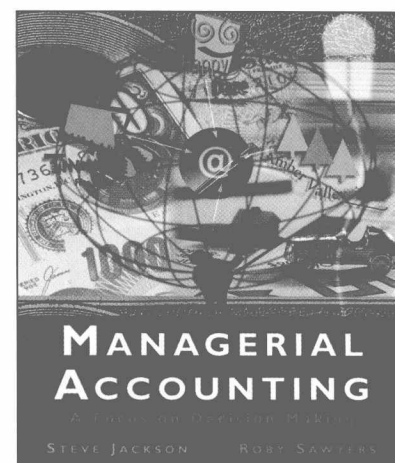
■ **NEW Video segments**, tied to a new Video Case at the end of each of the four parts of the textbook, focus on financial information and management issues for four public companies, Tweeter Home Entertainment, Stride-Rite, Uno's Restaurant Corp., and Lycos.

Availability of all instructor ancillaries, including the Solutions Manual, is restricted to instructors only under their pre-designated ISBNs. Instructors desiring to make any instructor ancillaries available to their students must contact their local Harcourt representative or the Harcourt College Publishers Marketing Department for special arrangement exceptions.

**For Student Supplements**  
see "To the Student" on page xxiii following Meet the Authors

## A NEW MANAGERIAL TITLE TO PAIR WITH FINANCIAL ACCOUNTING

Harcourt's **NEW Managerial Accounting** book by Jackson/Sawyers uses a 4-step **decision-making model** throughout the discussion and end-of-chapter material. It contains extensive coverage of contemporary topics such as ABC, ABM, the value chain, just-in-time and balanced scorecard methods. It also contains a unique chapter (13) on the development of **knowledge management** and the integration of accounting information throughout the whole organization's information systems.



## ACKNOWLEDGMENTS

In preparing for the Third Edition, we have conducted considerable research into evolving preferences nationwide. Through two rounds of telephone surveys, focus groups, and reviews, we have taken to heart the advice of over 150 instructors. That level of commitment to our fellow instructors has once again allowed us to remain on target with the demands of the ever-changing financial accounting course.

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