

Seventeenth Edition

Principles of Financial Accounting

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LARSON

WILD

CHIAPPETTA

17
edition

Principles of Financial Accounting

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Nassau Community College



**McGraw-Hill
Irwin**

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San Francisco St. Louis Bangkok Bogotá Caracas Kuala Lumpur
Lisbon London Madrid Mexico City Milan Montreal New Delhi
Santiago Seoul Singapore Sydney Taipei Toronto

To my wife **Nancy**.

To my wife **Gail** and children, **Kimberly, Jonathan, Stephanie, and Trevor**.

To my husband **Bob**, my sons **Michael and David**, and my **mother**.



**McGraw-Hill
Irwin**

FUNDAMENTAL ACCOUNTING PRINCIPLES

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The first edition of the principles of financial accounting was published fifty years ago, into a world very different from the one we live in today.

Technological tools that have reshaped the accounting profession—handheld computers, telecommunications, the Internet—could scarcely have been imagined by the men and women filling in ledgers or punching figures into adding machines. What they had were principles: tried-and-true rules and practices for collecting and interpreting information comprehensively, accurately, and responsibly.

Technology makes certain accounting functions easier, but students require a firm grounding in principles to become good business people—in any era. Teaching these principles in a way that is engaging to students while providing instructors with the support they need has been the goal of this book since the first copy rolled off the press.

Over the years instructors have turned to this book confident that they have selected the most accurate, best organized, and best written book on the market. Feedback on the book's pedagogy, real world examples, and assignment materials has always been outstanding. We've long believed in doing whatever it takes to keep students engaged, from creating interesting chapter opening vignettes to integrating leading-edge technology tools.

With fifty years of success and the expertise of our talented author team, the **Principles of Financial Accounting** achieves new heights in **student motivation, creative pedagogy, technology integration, and end-of-chapter material.**

Thank you for choosing Principles of Financial Accounting. Here's to the next fifty years!



Principles of Financial Accounting Rates #1

"It (PFA) is the best text I have ever used (in 15 years of teaching). It is the best resource text available for my students to keep and include in their professional library after the course."

— L. Hass,
Glen Oaks
Community College

As with the past fifty years, we actively solicited your feedback when planning the 17th edition of Principles of Financial Accounting (PFA). Independent research* confirmed what we already knew: **Instructors find PFA more satisfying to use than any other principles textbook.**

| Top Five Textbooks | Rated as Very Satisfied or Satisfied by Instructors | Mean Rating* |
|-----------------------------|---|--------------|
| PFA, Larson/Wild/Chiappetta | 100% | 4.46 |
| Competitor #1 | 75% | 3.83 |
| Competitor #2 | 64% | 3.83 |
| Competitor #3 | 60% | 3.76 |
| Competitor #4 | 47% | 3.79 |

*Instructors ranked books from very dissatisfied (1) to very satisfied (5).

The choice is clear: of the five best-selling principles books, PFA scores consistently highest in user satisfaction.

Principles of Financial Accounting also rates #1 with instructors surveyed[†] in each of the following key areas:

#1 in Accuracy

#1 in Clarity

#1 in Pedagogy

#1 in Organization

#1 in Real-World Examples

#1 in Problems and Exercises

#1 in Supplements

And remember, a book that satisfies your needs is that much more likely to satisfy your students' needs as well.

"With the help of the book, my instructor, and especially [this book's] CD-ROM, I am excelling in the class and like it so much I am considering becoming an Accounting major myself! Thanks and keep up the good work!"
— Aimee Liddell, Student, Liberty University

[†]Independent study conducted by Professional Research Group, February 2003.

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

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

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

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

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

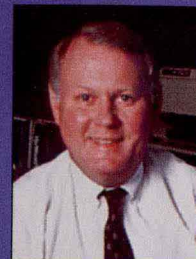
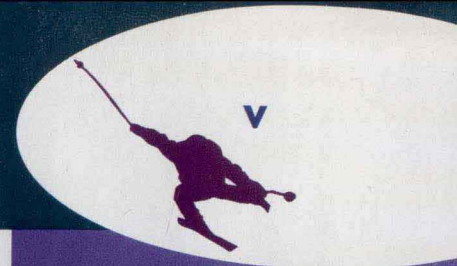
Professor Wild is an active member of the American Accounting Association and its sections. He has served on several committees of these organizations, including the Outstanding Accounting Educator Award, Wildman Award, National Program Advisory, Publications, and Research Committees. Professor Wild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

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

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

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

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





Achieve New Heights

Principles of Financial Accounting, 17e

The principles course is crucial for accounting majors and non-majors alike. It is a student's first step into the world of accounting, one which quickly immerses them in unfamiliar and challenging new concepts.

Much of your students' future success in both accounting and business is determined in the time spent in the principles course. Will your students struggle with this new material? Or will they understand that accounting is a vital discipline relevant to any career, and use that knowledge to **achieve new heights of success** in business and throughout their lives?

Principles of Financial Accounting has always been dedicated to presenting accounting concepts as vital tools that anyone can learn to successfully use. The 17th edition expands on this traditional strength by especially focusing on three areas: **student engagement, technology, and end-of-chapter material**.

PFA 17e portrays accounting as it truly is—a language of business communication that is vital to student success.

"[The book] has good coverage for [the Principles course] and excellent exercises, problems, and end-of-chapter materials."

— S. McClure, Tri-County Tech



New heights in student engagement

Instructors repeatedly raise a common concern: the biggest hurdle they face is getting students interested and motivated in the materials. PFA provides answers. It is more engaging and student-friendly than any competing book, from the book's eye-catching design to its comprehensive and stimulating end-of-chapter material. Each new book includes the actual shareholders' report from Krispy Kreme Doughnuts, which gets real financial data in students' hands. Moreover, engaging chapter-opening vignettes focus on small businesses and entrepreneurs to show how accounting knowledge is a springboard to success.



"I think [this book] does a better job motivating and sustaining student interest in accounting."

— L. Kolar, Bucks County Community College

New heights in technology

Match our technology assets against those of any other book, and we're confident you'll agree: PFA's technology is, hands-down, the best in the market.

- **Carol Yachts General Ledger and Peachtree Complete Accounting 2004**
- **ALEKS for Financial Accounting and ALEKS for the Accounting Cycle**
- **McGraw-Hill's Homework Manager**
- **Topic Tackler**
- **Online Learning Center**

To learn more about these and other technology enhancements, see page xi.

New heights of end-of-chapter material

PFA's end-of-chapter content is tightly coordinated with the main body of the chapter. Icons for C.A.P. learning objectives make it easy for students to flip back in the chapter to a particular discussion, or to pick up the solution strategy for a specific assignment. In addition, PFA takes technology integration to a new level with two powerful and popular study aids, Homework Manager and Topic Tackler, both specifically written to coordinate with the book. We also revised and expanded the two problem sets for every chapter, with a third set available on the text's Online Learning Center.

By addressing students in language that speaks to them, by providing your class with market-leading technology support, and by ensuring the textbook package is strong in the areas you rely on most, Principles of Financial Accounting helps you **achieve new heights of success** in the classroom—and beyond.



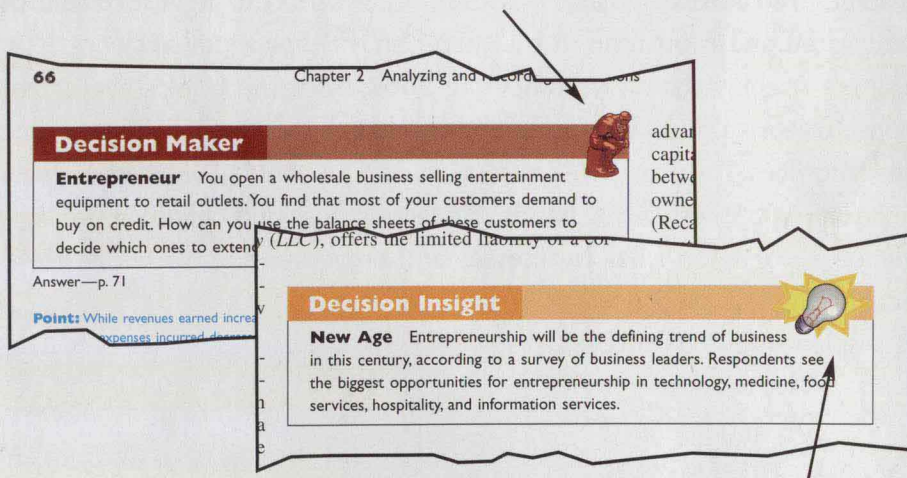


Achieving New Heights

A decision icon calls out all relevant material within chapters, whether it's a boxed item or end-of-chapter item.

Decision Center

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



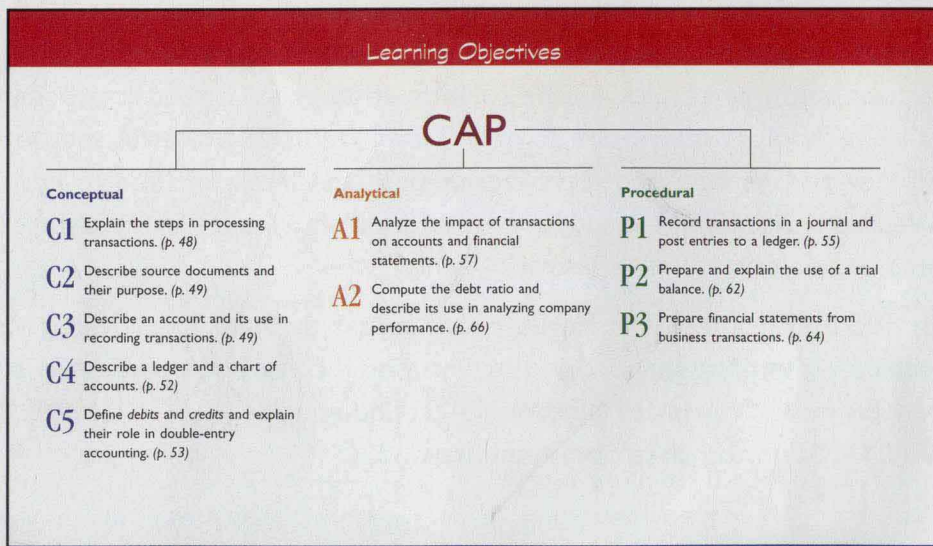
An entrepreneurial icon calls out all relevant material within chapters, whether it's an opening vignette, box, or end-of-chapter assignment.

"The Decision sidebars are one of the particular strengths of the text. They help the student stop and think about what he or she has read or can be used by the professor to stimulate discussion when introducing a topic. They are excellent tools!"

— M. Conway, Kingsborough Community College

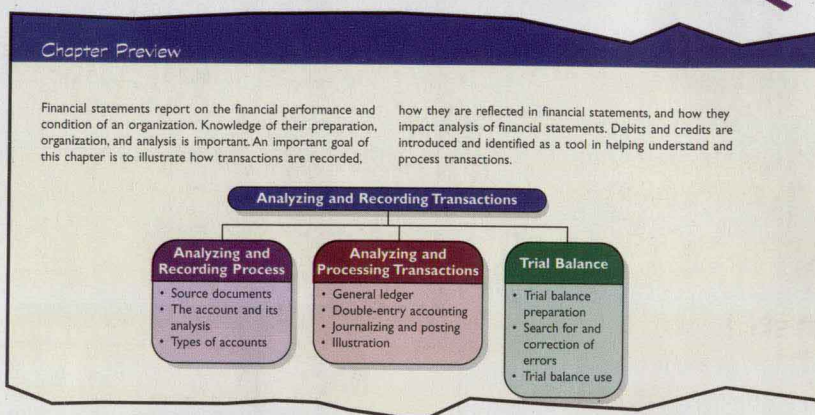
CAP Model

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



Chapter Preview Flow Chart

New to the 17th edition, this feature provides a handy textual/visual guide at the start of every chapter. Students can now begin their reading with a clear understanding of what they will learn and when, allowing them to stay more focused and organized along the way.



Quick Check

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

Quick Check

- What types of transactions increase equity? What types decrease equity?
- Why are accounting systems called *double entry*?
- For each transaction, double-entry accounting requires which of the following: (a) Debits to asset accounts must create credits to liability or equity accounts, (b) a debit to a liability account must create a credit to an asset account, or (c) total debits must equal total credits.
- An owner invests \$15,000 cash along with equipment having a market value of \$23,000 in a proprietorship. Prepare the necessary journal entry.
- Explain what a compound journal entry is.
- Why are posting reference numbers entered in the journal when entries are posted to ledger accounts?

Answers—p. 73

"I think [this book] does a better job with learning objectives than my book because of the CAP learning objectives organization."

— S. McClure, Tri-County Tech

FastForward

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

1. Investment by Owner

Transaction: Chuck Taylor invests \$30,000 cash in FastForward. **FAST Forward**

Analysis:

| Assets | | = | Liabilities + Equity | |
|--------|----------|---|----------------------|----------|
| Cash | + 30,000 | = | 0 | + 30,000 |
| | | | | Capital |

Double entry: (1) Cash 101 30,000
C. Taylor, Capital 301 30,000

Statements affected:³ BLS and SCF

Marginal Student Annotations

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

record for each customer, but for now, we focus on increases and decreases in receivables in a single-

written promise of another entity to pay a certain amount of money to the holder of the note. A company holds a note as an asset that is recorded in a Note (or Notes) account.

Prepaid expenses are assets that represent prepayments of expenses that are later incurred. When the expenses are later incurred, the amounts are recorded in the appropriate expense accounts. Common examples of prepaid

Point: A college parking fee is a prepaid account from the student's standpoint. At the beginning of the term, it represents an asset that entitles a student to park on or near campus. The benefits of the parking fee expire as the term progresses. At term-end, prepaid parking (asset) equals zero as it has been entirely recorded as parking expense.



Achieving New Heights in

Once a student has finished reading the chapter, how well he or she retains the material can depend greatly on the questions, exercises, and problems that reinforce it. PFA has consistently led the way in comprehensive, accurate end-of-chapter exercises. Independent survey research reports that instructors are more satisfied with PFA's end-of-chapter materials than any other textbook—and the 17th edition is no exception.

Demonstration Problems

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

Demonstration Problem
(Note: This problem extends the demonstration problem of Chapter 2.)
a. On Aug. 1, the owner invested \$18,000 in the business.
b. On Aug. 1, the owner invested \$18,000 in the business.
c. On Aug. 1, the owner invested \$18,000 in the business.
d. On Aug. 1, the owner invested \$18,000 in the business.
e. On Aug. 1, the owner invested \$18,000 in the business.
f. On Aug. 1, the owner invested \$18,000 in the business.
g. On Aug. 1, the owner invested \$18,000 in the business.
h. On Aug. 1, the owner invested \$18,000 in the business.
i. On Aug. 1, the owner invested \$18,000 in the business.
j. On Aug. 1, the owner invested \$18,000 in the business.
k. On Aug. 1, the owner invested \$18,000 in the business.

Planning the Solution

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

Solution to Demonstration Problem
I. General journal entries:

| Date | Account Titles and Explanation | PR | Debit | Credit |
|--------|--|-----|--------|--------|
| Aug. 1 | Cash | 101 | 3,000 | |
| | Store Equipment | 145 | 15,000 | |
| | S. Workman, Capital | 301 | | 18,000 |
| | Owner's investment | | | |
| 2 | Furniture | 161 | 600 | |
| | Cash | 101 | | 600 |
| | Purchased furniture for cash | | | |
| 3 | Rent Expense | 440 | 500 | |
| | Cash | 101 | | 500 |
| | Paid rent for August | | | |
| 4 | Store Equipment | 145 | 1,200 | |
| | Notes Payable | 240 | | 1,200 |
| | Purchased additional equipment on credit | | | |
| 15 | Cash | 101 | 825 | |
| | Hairston, Office Bldg. | | | |

Chapter Summaries

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

Key Terms are bolded in the text and repeated at the end of the chapter with page numbers indicating their location. The 17th edition now includes a Glossary of key terms at the back of the book. Key Terms are also available as online flash cards at the book's Website.

Key Terms
Key Terms are available at the book's Website for learning and testing.

| | |
|--------------------------------|---------------------------------|
| Account (p. 49) | Debit (p. 53) |
| Account balance (p. 53) | Debit ratio (p. 67) |
| Balance column account (p. 56) | Double-entry accounting (p. 53) |
| Chart of accounts (p. 52) | General journal (p. 55) |
| Compound journal entry (p. 59) | Journal (p. 55) |
| Credit (p. 53) | Journalizing (p. 55) |
| Creditors (p. 50) | Ledger (p. 49) |

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

Homework Manager repeats all Quick Study assignments on the book's Website with new numbers each time they are worked. It can be used in practice, homework, or exam mode.

QUICK STUDY
QS 2-1
Identifying source documents
C2

Identify the items from the following list that are likely to serve as source documents:
a. Bank statement
b. Sales ticket
c. Income statement
d. Trial balance
e. Telephone bill
f. Invoice from supplier
g. Company revenue account
h. Balance sheet
i. Prepaid insurance

Exercises are one of PFA's ongoing strengths, and the 17th edition again shows its competitive advantage. There are about 10-15 per chapter and most are included in Homework Manager.

Homework Manager repeats all Exercises on the book's Website with new numbers each time they are worked. It can be used in practice, homework, or exam mode.

EXERCISES
Exercise 2-1
Identifying type and normal balances of accounts
C3, C5

For each of the following (1) identify the type of account as an asset, liability, equity, revenue, or expense, (2) enter debit (Dr-) or credit (Cr-) to identify the kind of entry that would increase the account balance, and (3) identify the normal balance of the account.
a. Unearned Revenue
b. Accounts Payable
c. Postage Expense
d. Depreciation Expense
e. Land
f. Owner Capital
g. Accounts Receivable
h. Cash
i. Equipment
j. Fees Earned
k. Interest Payable

Problem Sets A & B

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

PROBLEM SET A
Problem 4-1A
Determining balance sheet classifications
C3

PROBLEM SET B
Problem 4-1B
Determining balance sheet classifications
C3

PROBLEM SET C
Problem Set C is available on the book's Website to assess your learning.

Chapter 4 Completing the Accounting Cycle

End-of-Chapter Materials



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

- Reporting in Action
- Comparative Analysis
- Ethics Challenge
- Communicating in Practice
- Taking It to the Net
- Teamwork in Action
- Hitting the Road—NEW
- Business Week Activity
- Entrepreneurial Decision
- Global Decision—NEW

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

BEYOND THE NUMBERS

Krispy Kreme's financial statements in Appendix A to answer the following:

1. Identify Krispy Kreme's business segments.

2. List the activities of each of Krispy Kreme's business segments.

3. Find the annual report for fiscal years ending after February 2, 2003, from its website or the SEC's EDGAR database (www.sec.gov). Has Krispy Kreme provided segment information?

REPORTING IN ACTION

A1

SERIAL PROBLEM (This serial problem began in Chapter 1 and continues through Chapter 10. If any of the serial problem segments were not completed, the serial problem is necessary, that you use the Working Papers that accompany the chapter.)

Success Systems P2 P3

The December 31, 2004, adjusted trial balance sheet for Success Systems for the year ended October through December of 2004) follows:

| No. | Account Title | Debit | Credit |
|-----|---------------------|-------|--------|
| 101 | Cash | | |
| 106 | Accounts receivable | | |
| 126 | Computer supplies | | |
| 128 | Prepaid insurance | | |

"Some of the overall strengths of [this book] include clearly stated learning objectives. Each chapter is written in a clear, concise language supported by a lot of exhibits and appropriate end-of-chapter materials to reinforce the learning process."

— M. Bentil, Pierce College

The End of the Chapter Is Only the Beginning

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



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



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



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



- Problems supported with Microsoft Excel templates are marked with an icon.



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

Put Away Your Red Pen

We've always prided ourselves on the accuracy of PFA's assignment materials, and the market confirms this. Independent research reports that instructors pointed to the accuracy of PFA's assignment materials as a key factor in their satisfaction with the book, much more than did instructors using competing books. The 17th edition continues that tradition of accuracy.

The authors extend special thanks to accuracy checkers **Marc Giullian**, Montana State University-Bozeman; **Suzanne King**, University of Charleston; **Barbara Schnathorst**, The Write Solution, Inc.; and **Jo Lynne Koehn**, Central Missouri State University.



Achieving New Heights in

In teaching and learning from PFA, the book itself is only the beginning. Our comprehensive technology package provides ample opportunity for both assessment and reinforcement, while offering valuable practice in learning and using the digital tools that are integral to the modern accounting and business workplace.

| Goodyear Tires Balance Sheet At January, 28, 2001 | |
|---|-------------------------|
| Assets | |
| Cash | \$ <input type="text"/> |
| Short-term investments | <input type="text"/> |
| Accounts receivable | <input type="text"/> |
| Inventories | <input type="text"/> |
| Property and equipment | <input type="text"/> |
| Other assets | <input type="text"/> |
| Total assets | \$ <input type="text"/> |

McGraw-Hill's Homework Manager

This Web-based study and review aid uses a sophisticated algorithm to generate “lookalike” versions of PFA’s assignment materials. These new exercises and problems contain different values but are structured identically to those in PFA, allowing students to practice and refine their skills. The algorithm can generate infinite variations of any selected assignments, which also discourages sharing of answers.

Instructors can use Homework Manager to build custom homework assignments, tests, or quizzes that can be completed either online or with pencil and paper. Online assignments are graded automatically and the results stored in a secure online gradebook. Tests and quizzes prepared from Homework Manager overcome any inconsistencies between “test bank drawn” problems and the language and approach in the book—now there is complete consistency!

Homework Manager gives you:

- Textbook-specific quick studies, exercises, and problems
- Automatically-graded assignments and analysis for instructors
- Immediate grading and feedback for students
- Algorithmic-generated quick studies, exercises, and problems
- Instructor course management tools
- 100% consistency between test problems and the textbook



Quick Studies, Exercises, and Problems appearing in PFA that are reproduced in Homework Manager are marked with an icon.

“On the whole, in my opinion, [this book’s] activities are better and there are more of them.”

— J. Miller, Mercer County Community College

Technology for Assessment and Learning

xiii



ALEKS®

ALEKS® for the Accounting Cycle and ALEKS® for Financial Accounting

Available from McGraw-Hill over the World Wide Web, ALEKS (Assessment and Learning in Knowledge Spaces) provides precise assessment and individualized instruction in the fundamental skills your students need to succeed in accounting.

ALEKS motivates your students because ALEKS can tell what a student knows, doesn't know, and is most ready to learn next. ALEKS does this using the ALEKS Assessment and Knowledge Space Theory as an artificial intelligence engine to exactly identify a student's knowledge of accounting. When students focus on precisely what they are ready to learn, they build the confidence and learning momentum that fuel success.

To learn more about adding ALEKS to your principles course, visit www.business.aleks.com.

The screenshot shows the ALEKS Accounting software interface within a Microsoft Internet Explorer browser window. The title bar reads 'ALEKS: 2003-09-22 - Microsoft Internet Explorer'. The browser's address bar shows 'http://www.business.aleks.com'. The page title is 'ALEKS Accounting'. The main content area displays 'Question #1' with the following text: 'By the end of December, Morris Company has completed work, earning \$2,700. Morris company has neither billed the clients nor recorded any of the revenue.' Below this, it says 'Required: Journalize the adjusting entry on December 31.' A table is provided for the journal entry:

| Date | Description | Debit | Credit |
|---------|---------------------|-------|--------|
| Dec. 31 | Accounts Receivable | 2,700 | |
| | Service Revenue | | 2,700 |
| | Service Revenue | | |
| | Utilities Expense | | |
| | Utilities Payable | | |

Below the table are buttons for 'Clear', 'Undo', and 'Help'. At the bottom of the interface are buttons for 'Next >>' and 'I Don't Know'.

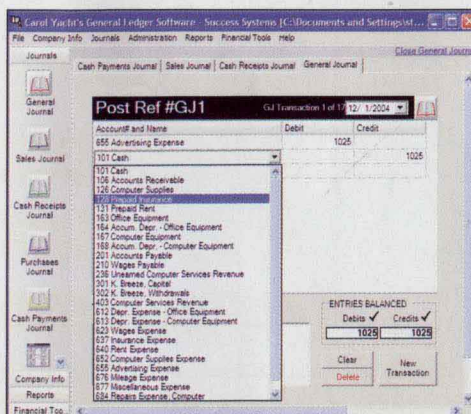


Carol Yacht's General Ledger and Peachtree Complete 2004 CD-ROM



Carol Yacht's General Ledger Software is McGraw-Hill/Irwin's custom-built general ledger package for PFA. Carol Yacht's General Ledger can help your students master every aspect of the general ledger, from inputting sales and cash receipts to calculating ratios for analysis or inventory valuations.

Carol Yacht's General Ledger allows students to review an entire report, and then double-click on any single transaction to review or edit it. All reports are immediately updated to reflect the revised figures. When it comes to learning how an individual transaction effects the outcome of financial reports, no other approach matches that of Carol Yacht's General Ledger.



Also on Carol Yacht's General Ledger CD, students receive the educational version of Peachtree Complete 2004, along with templates containing data for many of PFA's exercises and problems. Familiarity with Peachtree Complete is essential for many students entering the job market, and Carol Yacht's Peachtree templates that accompany PFA 17e makes sure they get plenty of practice.

Students can use Carol Yacht's General Ledger to solve numerous problems from PFA; the data for these problems are already included on the Carol Yacht's General Ledger CD-ROM. You can even populate Carol Yacht's General Ledger with your own custom data.

Online Learning Center (OLC) with PowerWeb

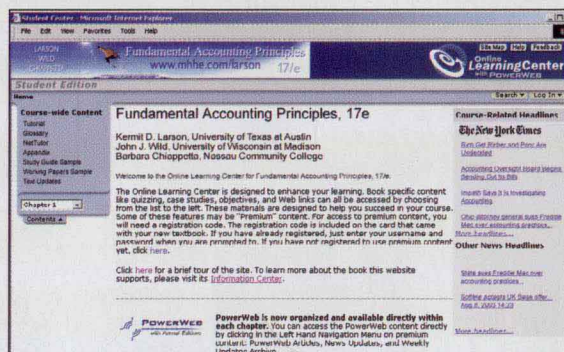
www.mhhe.com/larson



More students are using online learning aids. That's why we offer an Online Learning Center (OLC) that follows PFA chapter by chapter. It doesn't require any building or maintenance on your part; it's ready to go the moment your students type in the address.

As your students study and learn from PFA, they can visit the OLC Website and work with a multitude of helpful tools:

- Tutorial
- Glossary
- NetTutor
- PowerWeb
- Chapter Objectives
- Chapter Overview
- Text Company Links
- Interactive Quizzes A & B
- Key Term Flashcards
- PowerPoint Presentation
- Additional appendices
- Cogg Hill Practice Set
- Updates
- Mobile Resources
- Audio Narrated PowerPoint
- Excel Template Assignments
- More *Taking It To The Net*
- Problem Set C
- Business Week Articles



A secured Instructor Resource Center stores your essential course materials to save you prep time before class. Everything you need to run a lively classroom and an efficient course is included:

- Sample Syllabi
- Additional chapter materials
- Transition Notes
- Instructors Manual
- Solutions to Excel Template Assignments
- Cogg Hill Solutions Manual
- Updates
- Solutions Manual
- PowerPoint Presentations
- Textbook Company Links
- More *Taking It To The Net* Solutions
- Business Week Articles
- Problem Set C Solutions

Technology for Students



PowerWeb provides high quality, peer-reviewed content including up-to-date articles from leading periodicals and journals, current news, weekly updates with assessment, interactive exercises, Web research guide, study tips, and much more. PowerWeb is free with your PFA adoption.

Topic Tackler—FREE with new book

This software is a complete tutorial focusing on those areas in the principles of accounting course that give students the most trouble. Providing help on at least 2 key topics per chapter, this program delves into the material using the following learning aids:

- Video clips
- PowerPoint slide-shows (many include animations and/or audio)
- Drag-and-drop, fill-in-the-blank exercises
- Self-test quizzes

This highly engaging presentation will put your students in control of the most fundamental aspects of principles of accounting.



Concepts appearing in PFA that receive additional treatment in Topic Tackler are marked with an icon at the appropriate location in the margin of the page.

NetTutor™

NetTutor

NetTutor allows tutors and students to communicate with each other in a variety of ways:

- The Live Tutor Center via NetTutor's WWWWhiteboard enables a tutor to hold an interactive on-line tutorial with several students, whose questions are placed in a queue and answered sequentially.
- The Q&A Center allows students to submit questions at any time and retrieve answers within 24 hours.
- The Archive Center allows students to browse for answers to previously asked questions. They can also search for questions pertinent to a particular topic. If they encounter an answer they do not understand, they can ask a follow-up question.

Students are issued 5 hours of free NetTutor time when they purchase a new copy of PFA. Additional time can be purchased in 5-hour increments.



Achieving New Heights in

In today's learning environment, a computer is as indispensable a tool as a blackboard or an overhead projector. McGraw-Hill/Irwin continues to lead in innovative classroom technology, and PFA's teaching tools put it far ahead of any other book.

Course Management

PageOut

McGraw-Hill's Course Management System



PageOut is the easiest way to create a Website for your accounting course.

There's no need for HTML coding, graphic design, or a thick how-to book. Just fill in a series of boxes with plain English and click on one of our professional designs. In no time, your course is online with a Website that contains your syllabus!

Should you need assistance in preparing your Website, we can help you. Our team of specialists is ready to take your course materials and build a custom Website to your specifications. Simply call a McGraw-Hill/Irwin PageOut specialist to start the process. (For information on how to do this, see "Superior Service" on page xvii.) Best of all, PageOut is **free** when you adopt PFA! To learn more, please visit www.pageout.net.

Third-Party Course Management Systems

For the ambitious instructor, we offer PFA content for complete online courses. To make this possible, we have joined forces with the most popular delivery platforms currently available. These platforms are designed for instructors who want complete control over course content and how it is presented to students. You can customize the PFA Online Learning Center content and author your own course materials. It's entirely up to you.

Products like WebCT, Blackboard, and eCollege all expand the reach of your course. Online discussion and message boards will now complement your office hours. Thanks to a sophisticated tracking system, you will know which students need more attention – even if they don't ask for help. That's because online testing scores are recorded and automatically placed in your grade book, and if a student is struggling with course-work, a special alert message lets you know.

Remember, PFA's content is flexible enough to use with any platform currently available. If your department or school is already using a platform, we can help. For information on McGraw-Hill/Irwin's course management supplements, including Instructor Advantage and Knowledge Gateway, see "Superior Service" on the next page.

