

# ACCOUNTING TODAY

Principles and  
Applications



QUALITY USED BOOK

Asman ■ Cowen ■ Mandell

# ACCOUNTING TODAY

## PRINCIPLES AND APPLICATIONS

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A study guide has been developed to assist you in mastering concepts presented in this text. The study guide is available from your local bookstore under the title *Study Guide to Accompany Accounting Today: Principles and Applications* prepared by John F. Wells, Larry Larson, and Arlene Mayzel.

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**To my parents, Catherine and Lawrence**

Mark F. Asman

**To my students at the Weatherhead  
School of Management**

Scott S. Cowen

**To the students and faculty  
of Bowling Green State University**

Steven L. Mandell

# PREFACE

*Accounting Today: Principles and Applications* is designed for a comprehensive first course in accounting for students with no prior exposure to either accounting or business. The text is designed to satisfy the needs of both majors and nonmajors, and is intended for use in either a two semester or two/three quarter sequence course in accounting.

The importance of producing a high quality, accurate principles of accounting text has been an overriding concern throughout the writing process of *Accounting Today*. The text has undergone five drafts, each painstakingly reviewed by numerous qualified accounting instructors. The fourth draft was thoroughly class tested in addition to being tested in an industrial training environment. Finally, after typesetting, the accounting firm of Arthur Young checked the accuracy of all examples, exercises, problems and solutions. Every effort has been made to ensure an accurate, reliable, well-written textbook.

A comprehensive set of supporting materials has been developed to assist students in their learning effort and instructors with their teaching responsibilities. Materials available to students include microcomputer software (spreadsheets and tutorials), a software manual, working papers, a study guide, three practice sets, and check figures for each problem. Instructor's materials include an instructor's resource manual, solutions manual, transparency sets, practice set solutions manual, a test bank (both manual and computerized versions), and preprinted examinations.

This text package has been designed to answer the challenge of the rapidly growing integration of microcomputers into the principles of accounting course. Following Chapter 4 is an Appendix entitled Computers and Accounting which explores the role of computers in the accounting field and explains some of the implications of the new technology on accounting methods. The supplemental package includes computer assisted instructional software (13 modules) which will greatly help students understand key concepts. Additionally two problems at the end of every chapter are identified with a microcomputer logo. These problems can be solved on a computer using either the Westcalc spreadsheet (provided to qualified adopters of this text) or LOTUS 1-2-3. Appropriate templates are also provided, and a workbook to guide students in using spreadsheets to solve accounting problems is available.

As expressed in the title of this book, it is important that students both understand accounting principles and be able to apply them in real world settings. Accounting principles and the conceptual reasons for handling a given transaction in a particular fashion are presented in a carefully balanced manner. Concepts are applied to transactions illustrating the accounting process and to development of accounting reports, both internal and external. For students completing their study of accounting with this text, a sound foundation is provided for using and understanding accounting reports in their business careers. For students continuing into more advanced ac-

counting courses, the conceptual material and its application to transactions forms the basis for advanced understanding.

*Accounting Today* is a complete text covering first a thorough presentation of financial material followed by comprehensive coverage of managerial topics. Notice that we refer to managerial accounting rather than cost accounting. Although the basic cost accounting systems are presented, the managerial/cost section of the text emphasizes understanding cost accounting and its role in the decision making process. In this way both the non-accounting major and the prospective accounting major are served. The non-accounting major who understands the accounting data framework will be better equipped to make intelligent decisions when relying on reports drawn from the system. The accounting major who understands the needs of managers will be better equipped to provide necessary information.

Finally, this text will aid the student in becoming an active participant in the learning process. While the problem material is based on chapter presentations, solutions will require more than a simple mechanical approach. The explanations and illustrations in the text will aid students in understanding and applying the concepts.

## ■ FEATURES

### Part Division

The book is divided into six parts following a logical sequence of material beginning with an introduction to the framework of accounting and ending with managerial planning, control, and decision making.

### Marginal Glossary

Key accounting terms are highlighted and clearly defined in a marginal glossary within each chapter and in a comprehensive glossary at the end of the text. Unnecessary technical jargon is minimized and every effort is made to provide a reading level, writing style, and format to maximize student comprehension and enjoyment.

### Chapter Objectives

Chapters open with a clear and concise statement of learning objectives. These objectives are stated in terms of what the student will learn as he or she proceeds through the material.

### Concept Summaries

Each chapter contains one or more concept summaries, important concepts synthesized into chart or tabular form. Concept summaries are strategically placed for maximum benefit.

### Highlights

Every chapter contains a highlight providing an interesting and informative discussion point and/or application of materials to the real world. These highlights serve to solidify concepts and provide practical, interesting examples of text materials.

## Demonstration Problems

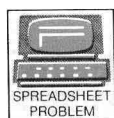
At the end of key chapters demonstration problems are included which walk the student through a problem situation applying the materials in the chapter. These problems are designed to help the student achieve success when working on the assigned homework.

## Point-by-Point Summary

Each chapter ends with a concise summary. Summary points are short, to the point, and convey essential facts so that students can quickly review important chapter coverage.

## Questions

At the end of each chapter are ten questions designed to focus student attention on the key conceptual points contained within the chapter.



## Exercises

Each exercise focuses on one important concept to reinforce student understanding. There are seven exercises following each chapter and five exercises following every appendix.

## Problem Sets

Two parallel problem sets (A and B) follow each chapter. The problems are all labeled and range from those focused exclusively on one point or concept to comprehensive problems that require substantial student integration of text materials. The problems included on the tutorial software and those workable on the spreadsheets are identified with distinctive logos.

## Appendices for Extended Coverage

Recognizing that different educational settings have different coverage needs, a series of appendices are included that provide a broader range of topics than is typically found in many principles texts. Appendices are included for Accounting and Computers, Special Journals and Ledgers, Inflation Accounting, Present Value Concepts, Income Taxation, International Accounting, and Not-for-Profit Accounting. Each of these appendices is designed to provide the student with an overview of the topic covered.

## Applications

One of the most difficult tasks facing accounting instructors in principles courses is relating classroom instruction to the real world. To assist instructors in this effort, we have placed application cases taken from real companies at the end of each of the six text parts. Each application shows how a corporation implements the concepts

presented in the preceding part. Each application presents a short history of the company, a description of the company's activities or product line, and a presentation of material relevant to the text part just completed, followed by a short series of questions requiring the student to apply knowledge gained in the preceding section.

In addition, actual examples from real companies are used throughout the text to illustrate materials covered. These illustrations are drawn from the annual reports of the corporations themselves.

## ■ SUPPLEMENTAL MATERIALS

Most accounting instructors face a difficult task in finding the time to teach all of the varied topics required in an introductory accounting course. To ease the preparation and teaching burden of instructors and to aid the students in synthesizing and understanding the masses of material in introductory accounting, a comprehensive set of support materials is available.

### **Instructor's Manual**

This manual provides direct classroom lecture support including lesson outline suggestions, alternate teaching examples, and assignment suggestions for each chapter and appendix in the text. Alternative course outlines for semester and quarter coverages of the text are included.

### **Solutions Manual**

A complete solutions manual for all end of chapter questions, exercises, problem assignments, appendix exercises, and application case questions is provided. The manual also includes assignment suggestions and alternative course outlines for semester and quarter coverage of the text.

### **Transparencies**

A complete set of transparencies for all problems, alternative lecture examples, and concept summaries is available. Special care has been exercised to ensure that the transparencies are made from large-print masters so that student visibility in large classrooms is enhanced.

### **Test Bank**

A complete test bank is available in both manual and computerized (Westest and Microtest) versions. A comprehensive set of true-false, multiple choice, and short exercise problems has been prepared for each chapter.

### **Preprinted Tests**

Preprinted tests are available, both achievement tests and comprehensive exams, drawn from the master test bank.

### **Check Figures**

A list of check figures with one figure provided for each problem in the text is available.



## **Working Papers**

A two volume set of working papers (Volume 1 covers chapters 1–18; Volume 2 covers chapters 15–26) is available for student purchase. Care was exercised in the preparation of these working papers so that students are provided guidance in assignment preparation but still must think through the process to maximize the learning benefits of problem assignments.

## **Practice Sets**

Three practice sets (two financial and one managerial) are available for student purchase. Each of these practice sets has been carefully designed to reinforce materials in the text through simulation of a real business environment. The first financial practice set emphasizes understanding the accounting cycle. The second financial practice set and the managerial practice set are designed to integrate the full range of financial and managerial topics respectively.

## **Student Study Guide**

A student study guide designed to assist students with each of the chapters and appendices in the text is available for student purchase. The study guide provides a review of important chapter points and a self-test for each chapter so that students can assess their own understanding of the text materials.

## **Microcomputer Tutorial Software**

A set of 13 computer-based tutorial modules is available free to qualified adopters. Each tutorial module is designed to help the student understand key material in either financial accounting (9 modules) or managerial/cost accounting (4 modules). Each module is built around a problem from the end-of-chapter problem sets.

Each module begins with a restatement of the problem on the computer screen and then poses a series of questions to the student. Answering each question requires the student to analyze the problem fact pattern and key in a solution. Incorrect solutions are analyzed and hints and/or on-line tutorials and examples are provided as needed.

Use of the tutorial modules does not require any prior programming or computer knowledge. The system is implemented as a menu-driven system. Each module allows the student to learn the material at his/her own pace with as much or as little review and explanation as he/she requires.

## **Spreadsheet System**

The Westcalc spreadsheet system along with two problem templates from each chapter are available free to qualified adopters. Problem templates can also be used with LOTUS 1-2-3 for those who wish to use that system. Each template is similar in format to a traditional working paper with appropriate headings and work space.

Students are required to key in numbers, formulas, or labels, as appropriate, to complete the problem solution. Each number, formula, or label required as student input has been selected to focus the student's attention on key concepts. While eliminating drudgery (the spreadsheet system automatically provides many totals where arithmetic is the only skill needed), the system design has been carefully thought out to reinforce accounting understanding, not simply act as an electronic replacement for pencil and paper.

While prior familiarity with computers and spreadsheets is helpful, all necessary instructions are supplied with the system and key commands are on the screen for easy reference.

## **Spreadsheet Manual/Workbook**

Using Spreadsheets with *Accounting Today* is available for student purchase. The manual provides general guidance to students in using spreadsheets with Westcalc and LOTUS 1-2-3 with examples and exercises. The textbook template problems are repeated along with notes, procedures, check figures, and template layout forms.

## **■ ACKNOWLEDGMENTS**

It is difficult to properly thank all who supported and worked with us during the last five years in developing and class testing *Accounting Today*. We are indebted to a large number of colleagues throughout the country as well as to our students for their constructive comments and suggestions that led to improvements in the manuscript culminating in this text. Over the five years that we worked on this text, literally hundreds of individuals were involved. Space considerations do not permit us to mention all of these support people without whose help we could not have succeeded.

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We appreciate the participation of Arthur Young and Company, who reviewed all examples, exercises, problems and their solutions to ascertain that we were accurate in our presentation of these materials.



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At your request we have reviewed the first edition of Accounting Today: Principles and Applications by Asman, Cowen and Mandell together with its accompanying Instructor's Solutions Manual. Our review included working all examples, exercises and problems and was made solely for the purpose of verifying their technical propriety and mathematical accuracy and its use should be limited to these purposes. The review was carried out after the text and solutions manual had been typeset. All changes and corrections we suggested were carried out to our satisfaction. In our opinion all examples, exercises and problems included in Accounting Today: Principles and Applications by Asman, Cowen and Mandell and the Instructor's Solutions Manual after reflecting the changes and corrections mentioned above, are mathematically accurate and technically correct.

*Arthur Young + Company*

January 23, 1986

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