

清华 M B A 核心课程英文版教材



会计学

Accounting

Sixth Edition

查尔斯·T·亨格瑞 (Charles T. Horngren)
(美) 小沃尔特·T·哈里森 (Walter T. Harrison, Jr.) 著
琳达·史密斯·班伯 (Linda Smith Bamber)

第 6 版



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出 版 说 明

为了适应经济全球化的发展趋势,满足国内广大读者了解、学习和借鉴国外先进的管理经验和掌握经济理论的前沿动态,清华大学出版社与国外著名出版公司合作影印出版一系列英文版经济管理方面的图书。我们所选择的图书,基本上是已再版多次、在国外深受欢迎、并被广泛采用的优秀教材,绝大部分是该领域中较具权威性的经典之作。在本书的审阅过程中,我们得到了清华大学瞿卫菁老师的支持、帮助和鼓励,在此表示谢意!

我们根据国内的教学实际,删去了本书的第12章“合伙企业”及有关管理会计的章节。我们在对原版图书进行删节的同时仍采用了原书的页码,因此读者在阅读过程中可能会发现有跳页的现象,而且文中提到的页码或内容有可能已被删掉而无法找到。由此给读者带来的诸多不便,我们深表歉意。

由于原作者所处国家的政治、经济和文化背景等与我国不同,对书中所持观点,敬请广大读者在阅读过程中注意加以分析和鉴别。

我们期望这套影印书的出版对我国经济科学的发展能有所帮助,对我国经济管理专业的教学能有所促进。

欢迎广大读者给我们提出宝贵的意见和建议;同时也欢迎有关的专业人士向我们推荐您所接触到的国外优秀图书。

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总序

世纪之交，中国与世界的发展呈现最显著的两大趋势——以网络为代表的信息技术的突飞猛进，以及经济全球化的激烈挑战。无论是无远弗界的因特网，还是日益密切的政治、经济、文化等方面的国际合作，都标示着21世纪的中国是一个更加开放的中国，也面临着一个更加开放的世界。

教育，特别是管理教育总是扮演着学习与合作的先行者的角色。改革开放以来，尤其是20世纪90年代之后，为了探寻中国国情与国际上一切优秀的管理教育思想、方法和手段的完美结合，为了更好地培养高层次的“面向国际市场竞争、具备国际经营头脑”的管理者，我国的教育机构与美国、欧洲、澳洲以及亚洲一些国家和地区的大量的著名管理学院和顶尖跨国企业建立了长期密切的合作关系。以清华大学经济管理学院为例，2000年，学院顾问委员会成立，并于10月举行了第一次会议，2001年4月又举行了第二次会议。这个顾问委员会包括了世界上最大的一些跨国公司和中国几家顶尖企业的最高领导人，其阵容之大、层次之高，超过了世界上任何一所商学院。在这样高层次、多样化、重实效的管理教育国际合作中，教师和学生与国外的交流机会大幅度增加，越来越深刻地融入到全球性的教育、文化和思想观念的时代变革中，我们的管理教育工作者和经济管理学习者，更加真切地体验到这个世界正发生着深刻的变化，也更主动地探寻和把握着世界经济发展和跨国企业运作的脉搏。

我国管理教育的发展，闭关锁国、闭门造车是绝对不行的，必须同国际接轨，按照国际一流的水准来要求自己。正如朱镕基总理在清华大学经济管理学院成立十周年时所发的贺信中指出的那样：“建设有中国特色的社会主义，需要一大批掌握市场经济的一般规律，熟悉其运行规则，而又了解中国企业实情的经济管理人才。清华大学经济管理学院就要敢于借鉴、引进世界上一切优秀的经济管理学院的教学内容、方法和手段，结合中国的国情，办成世界第一流的经管学院。”作为达到世界一流的一个重要基础，朱镕基总理多次建议清华的MBA教育要加强英语教学。我体会，这不仅因为英语是当今世界交往中重要的语言工具，是连接中国与世界的重要桥梁和媒介，而且更是中国经济管理人才参与国际竞争，加强国际合作，实现中国企业的国际战略的基石。推动和实行英文教学并不是目的，真正的目的在于培养学生——这些未来的企业家——能够具备同国际竞争对手、合作伙伴沟通和对抗的能力。按照这一要求，清华大学经济管理学院正在不断推动英语教学的步伐，使得英语不仅是一门需要学习的核心课程，而且渗透到各门专业课程的学习当中。

课堂讲授之外，课前课后的大量英文原版著作、案例的阅读对于提高学生的英文水平也是非常关键的。这不仅是积累相当的专业词汇的重要手段，而且是对学习者思维方式的有效训练。

我们知道，就阅读而言，学习和借鉴国外先进的管理经验和掌握经济理论动态，或是阅读翻译作品，或是阅读原著。前者属于间接阅读，后者属于直接阅读。直接阅

读取决于读者的外文阅读能力，有较高外语水平的读者当然喜欢直接阅读原著，这样不仅可以避免因译者的疏忽或水平所限而造成的纰漏，同时也可以尽享原作者思想的真实表达。而对于那些有一定外语基础，但又不能完全独立阅读国外原著的读者来说，外文的阅读能力是需要加强培养和训练的，尤其是专业外语的阅读能力更是如此。如果一个人永远不接触专业外版图书，他在获得国外学术信息方面就永远会比别人差半年甚至一年的时间，他就会在无形中减弱自己的竞争能力。因此，我们认为，有一定外语基础的读者，都应该尝试一下阅读外文原版，只要努力并坚持，就一定能过了这道关，到那时就能体验到直接阅读的妙处了。

在掌握大量术语的同时，我们更看重读者在阅读英文原版著作时对于西方管理者或研究者的思维方式的学习和体会。我认为，原汁原味的世界级大师富有特色的表达方式背后，反映了思维习惯，反映了思想精髓，反映了文化特征，也反映了战略偏好。知己知彼，对于跨文化的管理思想、方法的学习，一定要熟悉这些思想、方法所孕育、成长的文化土壤，这样，有朝一日才能真正“具备国际战略头脑”。

以往，普通读者购买和阅读英文原版还有一个书价的障碍。一本外版书少则几十美元，多则上百美元，一般读者只能望书兴叹。随着全球经济合作步伐的加快，目前在出版行业有了一种新的合作出版的方式，即外文影印版，其价格几乎与国内同类图书持平。这样一来，读者可以不必再为书价发愁。清华大学出版社这些年在这方面一直以独特的优势领先于同行。早在1997年，清华大学出版社敢为人先，在国内最早推出一批优秀商学英文版教材，规模宏大，在企业界和管理教育界引起不小的轰动，更使国内莘莘学子受益良多。

为了配合清华大学经济管理学院推动英文授课的急需，也为了向全国更多的MBA试点院校和更多的经济管理学院的教师和学生提供学习上的支持，清华大学出版社再次隆重推出与世界著名出版集团合作的英文原版影印商学教科书，也使广大工商界人士、经济管理类学生享用到最新最好质优价廉的国际教材。

祝愿我国的管理教育事业在社会各界的大力支持和关心下不断发展、日进日新；祝愿我国的经济建设在不断涌现的大批高层次的面向国际市场竞争、具备国际经营头脑的管理者的勉力经营下早日中兴。

赵纯均 教授

清华大学经济管理学院院长
全国工商管理硕士教育指导委员会副主任

■ About the Authors

Charles T. Horngren is the Edmund W. Littlefield Professor of Accounting, Emeritus, at Stanford University. A graduate of Marquette University, he received his MBA from Harvard University and his Ph.D. from the University of Chicago. He is also the recipient of honorary doctorates from Marquette University and DePaul University.

A Certified Public Accountant, Horngren served on the Accounting Principles Board for six years, the Financial Accounting Standards Board Advisory Council for five years, and the Council of the American Institute of Certified Public Accountants for three years. For six years, he served as a trustee of the Financial Accounting Foundation, which oversees the Financial Accounting Standards Board and the Government Accounting Standards Board.

Horngren is a member of the Accounting Hall of Fame.

A member of the American Accounting Association, Horngren has been its President and its Director of Research. He received its first annual Outstanding Accounting Educator Award.

The California Certified Public Accountants Foundation gave Horngren its Faculty Excellence Award and its Distinguished Professor Award. He is the first person to have received both awards.

The American Institute of Certified Public Accountants presented its first Outstanding Educator Award to Horngren.

Horngren was named Accountant of the Year, Education, by the national professional accounting fraternity, Beta Alpha Psi.

Professor Horngren is also a member of the Institute of Management Accountants, from whom he has received its Distinguished Service Award. He was a member of the Institute's Board of Regents, which administers the Certified Management Accountant examinations.

Horngren is the author of other accounting books published by Prentice-Hall: *Cost Accounting: A Managerial Emphasis*, Eleventh Edition, 2003 (with Srikant Datar and George Foster); *Introduction to Financial Accounting*, Eighth Edition, 2002 (with Gary L. Sundem and John A. Elliott); *Introduction to Management Accounting*, Thirteenth Edition, 2005 (with Gary L. Sundem and William Stratton); *Financial Accounting*, Fifth Edition, 2004 (with Walter T. Harrison, Jr.).

Horngren is the Consulting Editor for Prentice-Hall's Charles T. Horngren Series in Accounting.



Walter T. Harrison, Jr. is Professor of Accounting at the Hankamer School of Business, Baylor University. He received his B.B.A. degree from Baylor University, his M.S. from Oklahoma State University, and his Ph.D. from Michigan State University.

Professor Harrison, recipient of numerous teaching awards from student groups as well as from university administrators, has also taught at Cleveland State Community College, Michigan State University, the University of Texas, and Stanford University.

A member of the American Accounting Association and the American Institute of Certified Public Accountants, Professor Harrison has served as Chairman of the Financial Accounting Standards Committee of the American Accounting Association, on the Teaching/Curriculum Development Award Committee, on the Program Advisory Committee for Accounting Education and Teaching, and on the Notable Contributions to Accounting Literature Committee.



Professor Harrison has lectured in several foreign countries and published articles in numerous journals, including *The Accounting Review*, *Journal of Accounting Research*, *Journal of Accountancy*, *Journal of Accounting and Public Policy*, *Economic Consequences of Financial Accounting Standards*, *Accounting Horizons*, *Issues in Accounting Education*, and *Journal of Law and Commerce*.

He is co-author of *Financial Accounting*, Fifth Edition, 2004 (with Charles T. Horngren), published by Prentice Hall. Professor Harrison has received scholarships, fellowships, and research grants or awards from PriceWaterhouse Coopers, Deloitte & Touche, the Ernst & Young Foundation, and the KPMG Foundation.



Linda Smith Bamber holds the J.M. Tull Chair of Accounting at the J.M. Tull School of Accounting at the University of Georgia. She graduated summa cum laude from Wake Forest University, where she was a member of Phi Beta Kappa. She is a Certified Public Accountant, and received an Elijah Watt Sells Award as well as the North Carolina Bronze Medal for her performance on the CPA examination. Before returning to graduate school, Professor Bamber gained professional experience working in management accounting at R.J. Reynolds, Inc. She then earned an MBA from Arizona State University, and a Ph.D. from The Ohio State University.

Professor Bamber has received numerous teaching awards from The Ohio State University, the University of Florida, and the University of Georgia.

She has lectured in Canada and Australia, in addition to the U.S., and her research has appeared in numerous journals, including *The Accounting Review*, *Journal of Accounting Research*, *Journal of Accounting and Economics*, *Journal of Finance*, *Contemporary Accounting Research*, *Accounting Horizons*, *Issues in Accounting Education*, and *The CPA Journal*. She also developed the annotations for the *Annotated Instructor's Edition* of Horngren, Foster, and Datar's *Cost Accounting: A Managerial Emphasis*, Seventh, Eighth, and Ninth Editions.

A member of the Institute of Management Accounting, the American Accounting Association (AAA) and the AAA's Management Accounting Section and Financial Accounting and Reporting Section, Professor Bamber has chaired the AAA New Faculty Consortium and the AAA Competitive Manuscript Award Committees, served on the AAA Council, the AAA Research Advisory Committee, the AAA Nominations Committee, and numerous other AAA and section committees. She served as Associate Editor of *Accounting Horizons*, and as editor of *The Accounting Review*.

前 言

来自作者

我们对《会计学》（第6版）进行了精心设计，以满足教师的要求和帮助学生掌握会计学。我们相信，所作出的努力会使这一版更易于在教学中使用。我们进一步精炼了全书，将内容集中在会计学第一年的课程所应讲述的核心概念上。为了使学生为进入商界作好准备，我们尽可能采用真实的文件和案例背景。

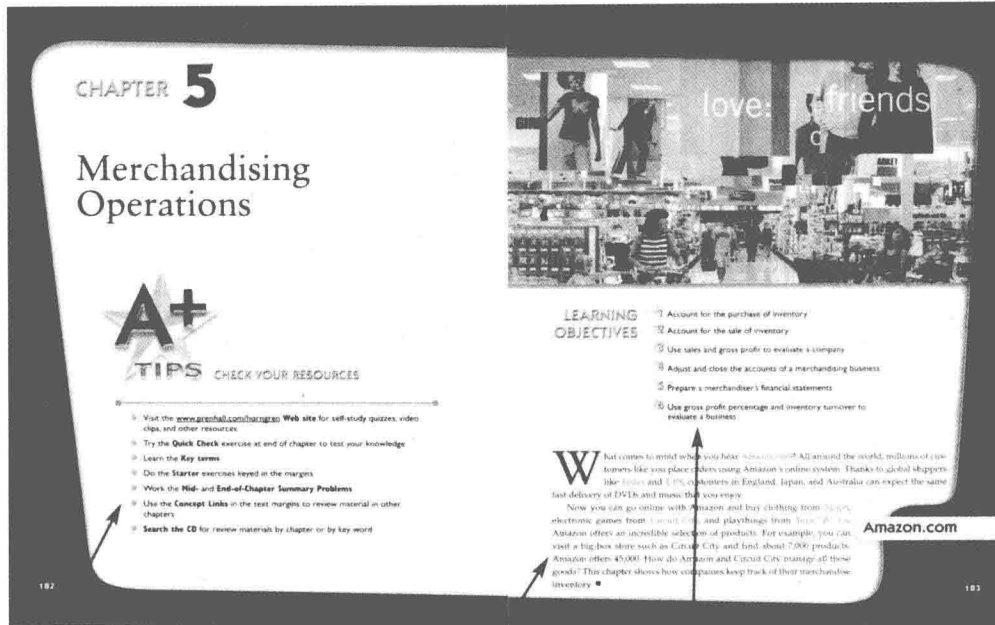
对课文的修订和新的设计，加之丰富的教学资源，为顺利学习会计学知识提供了出色的工具。我们希望您也会同意这一点。

Charles Horngren

Walter Harrison

Linda Bamber

For The Student



New! A+ Tips leads you to all the learning resources that accompany the text. Follow the A+ Tips to improve your understanding—and your course grade!

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Chapter-opening vignettes take you into the real world of accounting—where business decisions affect the future of actual organizations. Each vignette introduces you to the central issues covered in the chapter.

New feature company:
Amazon.com Amazon.com's annual report is bound into the book; Amazon is also the feature company in several chapter-opening vignettes, and in end-of-chapter financial statement cases.

Features

New! Sitemaps appear at the beginning of each chapter and at main headings throughout the chapter as a roadmap to show you where you are and what is coming next.

184 Chapter 5

Sitemap

- Merchandising Operations
- Accounting for Inventory: Perpetual System
- Adjusting and Closing Accounts
- Preparing Financial Statements
- Key Decision-Making Ratios

We shift gears in Chapter 5. The first four chapters focused on service companies such as Gay Gilson & Trapp, the San Francisco Giants, and eBay. Here we begin working with merchandisers such as Amazon.com, Target, and Circuit City. A merchandiser differs from a service business in two important ways. A merchandiser sells products, whereas a service company provides a service. A merchandiser has an asset called *merchandise inventory*, such as DVDs, videos, and clothing. A service company carries no inventory.

Inventory includes all the goods a company owns and holds for sale in the normal course of operations. Throughout the remainder of the book we refer to merchandise inventory simply as *inventory*. It is a merchandiser's most important asset. This chapter demonstrates the central role of inventory in a business that sells merchandise. We illustrate accounting for the purchase and sale of inventory and we also illustrate how to adjust and credit-

What Are Merchandising Operations?

Merchandising is the business activity of buying and selling products rather than services. Accounting for merchandising operations requires us to deal with these balance sheet and income statement items.

Balance Sheet: Inventory, an asset
Income Statement: Sales revenue (often abbreviated as Sales), a revenue
 Cost of goods sold, an expense

These items are italicized in Exhibit 5-1 for Merchandising Co. Let's begin with the operating cycle of a merchandising business.

Merchandising Operations

Student Resource CD
 periodic system, perpetual system

New! An open and reader-friendly text design includes many new exhibits and infographics.

TRANSPORTATION COSTS The transportation cost of moving inventory from seller to buyer can be significant. The purchase agreement specifies FOB terms to indicate who pays the shipping charges. *FOB* means *free on board*. FOB terms govern (1) when legal title to the goods passes from seller to buyer and (2) who pays the freight. Exhibit 5-4 summarizes FOB terms.

Exhibit 5-4 FOB Terms Determine Who Pays Freight

Freight costs are either *Freight in* or *Freight out*.

- Freight in is the transportation cost on *purchased goods*.
- Freight out is the transportation cost on *goods sold*.

Freight in FOB shipping point terms are most common, so the buyer pays the freight. Freight in becomes part of the cost of inventory. The buyer debits Inventory and credits Cash or Accounts Payable for the freight. Suppose Austin Sound pays a \$60 shipping bill. Austin Sound's entry to record payment of the freight charge is

June 1	Inventory	60	
	Cash		60
	Paid a freight bill.		

A Running Glossary provides a full definition when a term is introduced. A list of terms appears at the end of each chapter, and there is a complete Glossary at the end of the book.

SALES DISCOUNTS AND SALES RETURNS AND ALLOWANCES We just saw that purchase returns and allowances and purchase discounts decrease the cost of inventory purchases. In the same way, sales returns and allowances and sales discounts, which are contra accounts to Sales Revenue, decrease the net amount of revenue earned on sales.

CREDIT-BALANCE ACCOUNT	DEBIT-BALANCE ACCOUNTS	CREDIT SUBTOTAL (NOT A SEPARATE ACCOUNT)
Sales Revenue	Sales Returns and Allowances	Net sales revenues ¹
	Sales Discounts	

Companies maintain separate accounts for Sales Discounts and Sales Returns and Allowances. Now let's examine a sequence of JVC sale transactions. Assume JVC is selling to Austin Sound Center.

On July 7, JVC sells stereo components for \$7,200 on credit terms of 2/10 n/30. These goods cost JVC \$4,700. JVC's entries to record this credit sale and the related cost of goods sold are

July 7

Unique! Concept Links help you remember material learned earlier. Concept links in the side margins point you to relevant topics covered earlier: they provide both a rationale for the material and a chapter and text page cross reference.

Because Austin Sound sold goods, the business also must decrease the Inventory balance. Suppose these goods cost the seller \$1,900. A second journal entry is needed to transfer the \$1,900 cost of the goods from the Inventory account to Cost of Goods Sold, as follows: →

June 9	Cost of Goods Sold	1,900	
	Inventory		1,900
	Recorded the cost of goods sold.		

← The recording of cost of goods sold along with sales revenue is an example of the matching principle (Chapter 3, p. 95)

Unique! Decision Guidelines show when, why, and how managers—not just accountants—use accounting information to make good business decisions.

Excel Application Exercises Every business professional must know how to use Excel, and Horngren/Harrison/Bamber provides the tools you need to master it. Excel Application Exercises appear in each chapter, with instructions for creating your own spreadsheets.

Decision Guidelines

MERCHANDISING OPERATIONS AND THE ACCOUNTING CYCLE

Amazon.com and Kinko's Copy Centers are two very different companies. How do Amazon and Kinko's differ? How are they similar? The Decision Guidelines answer these questions.

<p>Decision</p> <p>How do merchandisers differ from service entities?</p> <p>How do a merchandiser's financial statements differ from the statements of a service business?</p> <p>Income Statement:</p> <p>Merchandiser</p> <table border="0" style="width: 100%;"> <tr><td>Sales revenue</td><td style="text-align: right;">\$XXX</td></tr> <tr><td>– Cost of goods sold</td><td style="text-align: right;">(X)</td></tr> <tr><td>= Gross profit</td><td style="text-align: right;">XX</td></tr> <tr><td>– Operating expenses</td><td style="text-align: right;">(X)</td></tr> <tr><td>= Net income</td><td style="text-align: right;">\$ X</td></tr> </table> <p>Statements of Owner's Equity:</p> <p>Which type of inventory system to use?</p>	Sales revenue	\$XXX	– Cost of goods sold	(X)	= Gross profit	XX	– Operating expenses	(X)	= Net income	\$ X	<p>Guidelines</p> <ul style="list-style-type: none"> • Merchandisers, such as Amazon.com, buy and sell merchandise inventory. • Service entities, such as Kinko's, perform a service. <p>Balance sheet:</p> <ul style="list-style-type: none"> • Merchandiser has inventory, an asset. • Service business has no inventory. <p>Service Business</p> <table border="0" style="width: 100%;"> <tr><td>Service revenue</td><td style="text-align: right;">\$ XX</td></tr> <tr><td>– Operating expenses</td><td style="text-align: right;">(X)</td></tr> <tr><td>= Net income</td><td style="text-align: right;">\$ X</td></tr> </table> <p>No difference</p> <ul style="list-style-type: none"> • Perpetual system shows the amount of inventory on hand (the asset) and the cost of goods sold (the expense) at all times. • Periodic system shows the correct balances of inventory and cost of goods sold only after a physical count of the inventory, which occurs at least once each year. 	Service revenue	\$ XX	– Operating expenses	(X)	= Net income	\$ X
Sales revenue	\$XXX																
– Cost of goods sold	(X)																
= Gross profit	XX																
– Operating expenses	(X)																
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Excel Application Exercise

Goal: Create a spreadsheet to compute Amazon.com's gross profit percentage and inventory turnover for the past three years.

Scenario: You are intrigued by Amazon's ability to sell merchandise via the Internet and would like to invest in such a venture. Before doing so, however, you remember from your accounting course that ratio analysis is an important part of making an investment decision. You decide to calculate two key ratios: gross profit percentage and inventory turnover. (You may need to visit Amazon.com on the Web to find inventory data from past years. Look under Investor Relations at the bottom of the Home page.) When you have completed your worksheet, answer the following questions:

1. What has happened to Amazon's gross profit percentage over the past three years?
2. What can you tell about Amazon's inventory operations from its inventory turnover ratio for the past two years?

Step-by-Step:

1. Open a new Excel spreadsheet.
2. In column 1, create a bold-faced heading as follows:
 - a. Chapter 5 Excel Application Exercise
 - b. Evaluating Amazon Inventory Operations
 - c. Today's Date
3. Two rows down and two columns over, create bold and underlined headings for the most recent three years (e.g., 2002, 2001, and 2000).
4. In column A, enter the following (one per row):
 - a. Net Sales (in thousands)
 - b. Cost of Goods Sold (Cost of Sales)
 - c. Gross Profit
 - d. Inventory
 - e. Gross Profit Percentage
 - f. Inventory Turnover
5. Locate the data for items a-d in the Amazon.com annual report (or on the Web) and enter it in the appropriate columns.
6. Calculate gross profit percentage and inventory turnover. To help visualize the data trends, use the Chart Wizard to create a bar graph of performance.
7. Format all columns, rows, and data as needed. Save your work and print a copy for your files.

Assignment Materials

New! Starters Starters serve as warm-ups and confidence builders at the beginning of the assignment material. Try to solve these easy, single-concept exercises. Each Starter is referenced within the chapter so that if you need more guidance, you know exactly what material to review to complete the exercise.

ASSESS Your Progress

Starters

See www.prenhall.com/horngren for selected Starters, Exercises, and Problems.

Recording purchase and cash payment transactions (Obj. 1)

Accounting for the purchase of inventory—purchase discount (Obj. 1)

Recording purchase, purchase return, and cash payment transactions (Obj. 1)

✓ Starter 5-2
✓ Starter 5-3
✓ Starter 5-4

55-1 You may have shopped at a Gap store. Suppose Gap purchases 2,000 pairs of slacks on account for \$50,000. Credit terms are 2/10 n/30. Gap paid within the discount period. Journalize the following transactions for Gap:

- a. Purchase of inventory.
- b. Payment on account.

55-2 Toys “Я” Us purchases inventory from a variety of suppliers, including Mattel, Hasbro, and Tonka. Suppose Toys “Я” Us buys \$150,000 worth of Lego toys on credit terms of 3/15 n/45. Some of the goods are damaged in shipment, so Toys “Я” Us returns \$50,000 (original amount, before any discounts) of the merchandise to Lego. How much must Toys “Я” Us pay Lego?

- a. After the discount period?
- b. Within the discount period?

55-3 Refer to the Toys “Я” Us situation in Starter 5-2 and journalize the following transactions on the books of Toys “Я” Us. Explanations are not required.

- a. Purchase of the goods on May 6, 20X5.

ASSETS		=	LIABILITIES		+	OWNER'S EQUITY	
Inventory	–\$100	=	Accounts Payable	–\$100	+		\$0

Stop Think

On September 15, Austin Sound purchases \$1,000 of merchandise on account, with terms 2/10, n/30. Austin returns \$100 of merchandise for credit on September 20, then makes payment in full on September 25. Journalize these transactions.

Answer: Three separate journal entries are needed. The purchase entry is

1. Purchase: Sep. 15	Inventory	1,000	1,000
	Accounts Payable		

The second entry records the return of inventory, as follows:

2. Return: Sep. 20	Accounts Payable	100	100
	Inventory		

Accounts Payable

Return	100	Purchase	1,000
Bal.			900

REVIEW Merchandising Operations

Quick Check

- Which account does a merchandiser, but not a service company, use?
 - Inventory
 - Sales revenue
 - Cost of goods sold
 - All of the above
- The two main inventory accounting systems are the
 - Purchase and sale
 - Perpetual and periodic
 - Cash and accrual
 - Returns and allowances
- The journal entry for the purchase of inventory on account is

a. Inventory	XXX	
Accounts Receivable		XXX
b. Accounts Payable		XXX
Inventory	XXX	
c. Inventory	XXX	
Accounts Payable		XXX

New! Quick Check These new multiple-choice questions appear at the ends of chapters so you can test your understanding of material before taking multiple-choice exams. Answers to Quick Checks appear in Appendix D at the end of the book

E5-14 Marcia Walker's consulting practice performs systems consulting. Walker has also begun selling accounting software. During January, the business completed these transactions:

- Jan. 2 Completed a consulting engagement and received cash of \$7,200.
- Prepaid three months' office rent, \$1,500.
- 7 Purchased accounting software inventory on account, \$4,000.
- 16 Paid employee salary, \$1,400.

Accounting for Merchandising Operations
General Ledger
(Obj. 1, 2, 4, 5)

Student Resource CD
General Ledger, Peachtree, QuickBooks

Exercises and Problems Exercises and Problems give you plenty of practice in solving accounting dilemmas and checking your understanding of major concepts in the chapter.

Online homework

Exploring the perpetual inventory system
(Obj. 1, 2)

Problems (Group A)

P5-1A Lens Masters is a regional chain of optical shops. The company offers a large selection of eyeglass frames, and Lens Masters stores provide while-you-wait service. The company has launched a vigorous advertising campaign to promote two-for-the-price-of-one frame sales.

Required

Lens Masters expects to grow rapidly and to increase its level of inventory. As the chief accountant of this company, you wish to install a perpetual inventory system. Write a one-paragraph business memo to the company president to explain how that system would work for the purchase and sale of eyeglasses. Use the following heading for your memo:

APPLY Your Knowledge

Expanding a business
(Obj. 5)

Decision Cases

Case 1. Lauri Sever and Trev Higgins opened Party-Time T-Shirts to sell T-shirts for parties at their college. The company completed the first year of operations, and Sever and Higgins are generally pleased with operating results, as shown by the following income statement:

Party-Time T-Shirts Income Statement Year Ended December 31, 20X6	
Net sales revenue	\$350,000
Cost of goods sold	210,000
Gross margin	140,000
Operating expenses:	
Selling expense	40,000

Ethical Issue

Hunter Glass Company makes all sales under terms of FOB shipping point. The company usually receives orders for sales approximately one week before shipping inventory to customers. For orders received late in December, Danny Hunter, the owner, decides when

Financial Statement Case

This case uses both the income statement (statement of operations) and the balance sheet of Amazon.com in Appendix A. It will help you understand the closing process of a business.

Required

- Journalize Amazon.com's closing entries for the revenues and expenses of 2002. Show all amounts in thousands as in the Amazon financial statements. You may be unfamiliar with certain revenues and expenses, but treat each item on the income statement as either a revenue or an expense. For example, Net Sales is the first revenue, and Interest Income is also a revenue. The last revenue is Cumulative Effect of Change in Accounting Principle. A loss is like an expense. In your closing entries

Team Project

With a small team of classmates, visit one or more merchandising businesses in your area. Interview a responsible official of the company to learn about its inventory policies and accounting system. Obtain answers to the following questions, write a report, and be prepared to make a presentation to the class if your instructor so directs.

Required

- What merchandise inventory does the business sell?
- From whom does the business buy its inventory? Is the relationship with the supplier new or longstanding?
- What are the FOB terms on inventory purchases? Who pays the freight, the buyer or the seller? Is freight a significant amount? What percentage of total inventory cost is the freight?
- What are the credit terms on inventory purchases—2/10 n/30, or other? Does the business pay early to get purchase discounts? If so, why? If not, why not?
- How does the business actually pay its suppliers? Does it mail a check or pay electronically?

Cases A variety of cases, plus **Team Projects**—and **Comprehensive Problems** at the ends of groups of chapters—give you opportunities to practice decision-making in real business situations. Cases include **Decision Cases**, **Ethical Issues**, and **Financial Statement Cases** that use the **Amazon.com** annual report at the end of the book.

Comprehensive Problem for Chapters 1-7

COMPLETING THE ACCOUNTING CYCLE FOR A MERCHANDISING ENTITY—USING SPECIAL JOURNALS

Digital Meter Company closes its books and prepares financial statements at the end of each month. Digital uses the perpetual inventory system. The company completed the following transactions during August:

- Aug. 1 Issued check no. 682 for August office rent of \$1,000. (Debit Rent Expense.)
- Issued check no. 683 to pay the salary payable of \$1,250 from July 31.
- Issued invoice no. 503 for sale on account to R. T. Loeb, \$600. Digital's cost of this merchandise was \$190.
- Purchased inventory on credit terms of 1/15 n/60 from Grant, Inc., \$1,400.
- Received net amount of cash on account from F. M. Co.

For The Instructor

WHAT'S NEW FOR THE SIXTH EDITION? HORNGREN MAKES IT EASIER TO MOTIVATE STUDENTS TO SUCCEED!

(A complete list of chapter-by-chapter highlights follows this overview)

Text & Assignment Material

- **New Amazon.com Annual Report & Financial Statement Analysis Cases!** New copies of the text now include the Amazon.com annual report. This is linked to many of the chapter-opening vignettes, and end-of-chapter financial statement analysis cases.
- **New Theme: Show More. Say Less.** Throughout the text, the authors have worked hard to tighten and focus the content on core topics in first year accounting.
- **New, more open and student-friendly design** includes many new exhibits to aid in student understanding.
- **New Chapter Organization.** The chapters on merchandising and inventory (previously Chapters 5 & 9) are now Chapters 5-6 to enable students to link these topics more easily.
- **New A+Tips** at each chapter opening list resources to help students learn key concepts; reminders appear within the chapter.
- **New Quick Check Questions.** New multiple-choice exercises at the ends of chapters enable students to test their understanding before taking multiple-choice examinations. Answers appear in Appendix D.
- **New Starters** (previously called "Daily Exercises") serve as warm-ups/confidence builders at the beginning of the assignment material. Students solve these easy, single-concept exercises (many using real companies). Each problem is referenced to material within the chapter so that if students need more guidance, they know exactly what to review to complete the exercise.
- **New Excel Application Exercises,** now for each chapter in the book, with spreadsheet solutions.

Grading & Practice

- **New Peachtree, QuickBooks, and General Ledger Assignments.** Selected end-of-chapter problems are available on templates for Peachtree, QuickBooks, and General Ledger software. In addition, instructors may opt to package a brief introductory manual on the latest release of Peachtree or QuickBooks at no charge with new texts.
- **New Manual and Computerized Practice Sets** include optional exercises using Peachtree and QuickBooks. Package any Practice Set at 50% off with new texts.
- **New Automatic Homework Grading!** Prentice Hall's online homework program includes a variety of in-text assignments for students to complete online—and results feed directly into the grading program. The program includes

A+ online homework

algorithm-based problems that enable students to have extensive practice on a single concept. They *reduce cheating* because two students sitting next to one another could see different versions of the problem (the instructor determines whether the problem is viewed in static or algorithm-based format). Students get extensive feedback to help them understand where they went wrong.

The New CD

- **New Instructor CD-ROMs:** This innovative CD-ROM includes all resources for the text and allows instructors to create custom multi-media lectures in less than 5 minutes! Access the resources by chapter or keyword (e.g., "LIFO").

Chapter-by-Chapter Highlights

CHAPTER 1 Accounting and the Business Environment

- New chapter opener focuses on **Amazon.com**, the feature company for this edition.
- Discussion of ethics in accounting features **Enron**, **WorldCom**, and **Xerox**.
- New illustration of the effects of transactions on balance sheet and income statement.

CHAPTER 2 Recording Business Transactions

- New chapter opener features **Frito-Lay**.
- New notations for journal entries clarify the rules of debit and credit.
- New roadmap shows how accounts, ledgers, journals, and the trial balance fit together.

CHAPTER 3 The Adjusting Process

- New notations for adjusting entries clarify the rules of debit and credit.
- New graphic shows the difference between the accrual basis and the cash basis.

CHAPTER 4 Completing the Accounting Cycle

- New chapter opener features the **Chicago Cubs** baseball team.
- New exhibit illustrates the closing process.
- Dell Computer's balance sheet illustrates the accounts covered to date.

CHAPTER 5 Merchandising Operations

- New chapter opener features **Amazon.com**.
- This completely revised chapter begins with purchase of merchandise, then moves to sales, all based on the perpetual system.

- Appendix on the periodic system.

CHAPTER 6 Merchandise Inventory

- New chapter opener features **Columbia Sportswear** and the **International Balloon Festival**.
- New exhibits! One shows the effect of merchandising on the financial statements; another shows FIFO, LIFO, and average costing; and others show the relationship between transactions in a perpetual system and related journal entries.
- New, streamlined coverage of accounting for inventory in a periodic system.

CHAPTER 7 Accounting Information Systems

- New discussion of Enterprise Resource Planning (ERP) systems.
- New explanation of the relationship between manual and computerized systems.

CHAPTER 8 Internal Control and Cash

- Discussion of the Sarbanes-Oxley Act and internal controls.
- Streamlined discussion of the bank reconciliation.
- New graphics: internal controls for cash receipts and cash payments.
- New: Enron examples to illustrate ethics in accounting.

CHAPTER 9 Receivables

- Simplified examples to illustrate accounting for uncollectibles.
- New graphics: integration of order entry, shipping, and billing of receivables.

CHAPTER 10 Plant Assets and Intangible Assets

- New chapter opener features airlines and their assets.
- New exhibit: relationship between plant assets and related expenses.
- New graphic: relative-sales-value method.
- Streamlined coverage of Depreciation and Income Taxes.
- Simplified coverage of Partial-Year Depreciation.
- Updated accounting for goodwill.

CHAPTER 11 Current Liabilities and Payroll

- New chapter opener features General Motors, Sony, and Goodyear.
- New graphic: how to allocate interest expense to the appropriate period.
- Streamlined accounting for sales tax payable.
- Beefed up—and streamlined—coverage of accounting for contingencies.
- Simplified payroll illustrations.
- Added Form 941, Employer's Quarterly Federal Tax Return.

CHAPTER 13 Corporations: Paid-in Capital and the Balance Sheet

- New discussion of closing net income for a corporation.
- Streamlined accounting for income tax by a corporation.

CHAPTER 14 Retained Earnings, Treasury Stock, and the Income Statement

- New chapter opener features Coca-Cola, Dell Computer, and Pier 1 Imports.
- New graphic: retained earnings are not cash.
- New coverage of stock dividends.

- Scaled-down treatment of the corporate income statement.
- Simplified treatment of earnings per share.

CHAPTER 15 Long-term Liabilities

- Revised chapter opener features Amazon.com.
- New roadmap guides students through issuing bonds payable to borrow money.
- Deleted sections on Leases and Pensions. Panasonic, and Nokia.
- Scaled-down coverage of accounting for international operations.

CHAPTER 17 The Statement of Cash Flows

- New chapter opener features eBay.
- Completely revised chapter: Two distinct sections for the indirect method and the direct method. Each section features step-by-step preparation of the statement.
- Scaled-down level of complexity for both methods—fewer accounts to analyze.
- New graphics: how cash is affected by changes in the other current accounts.

CHAPTER 18 Financial Statement Analysis

- New chapter opener features Bristol-Myers Squibb.
- Revised chapter organized around decisions and the need for financial statement analysis.
- New graphics illustrate horizontal analysis and vertical analysis.
- Scaled-down financial statements—fewer accounts to analyze.
- Revised discussions of the ratios—shorter paragraphs, fewer words.
- New section on Red Flags in Financial Statement Analysis.
- New section on Analyzing Nonfinancial Data.

Instructor Resources

Everything you need where you need it. The Prentice Hall Instructor Resource Center/CD-ROM increases your effectiveness and saves you time and effort. Harness the power of having all of your resources in one well-organized place. Because resources should simplify, not overwhelm.