CENGAGE Learning

财务会计

（第十一版）

高等学校会计学类英文版教材

普通高等教育“十一五”国家级规划教材

Marian Powers
Belverd E. Needles

Financial Accounting

11th Edition

贾　婧　刘倩茹　改编
周晓苏　审校

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内容简介

本改编教材将会计知识与企业业务活动紧密结合，简单明了地说明了会计基本概念的理论基础及其内涵，强调了会计控制和会计程序的重要性，并介绍了企业主要资产项目、负债项目和股东权益项目的会计业务处理方法。全书突出了财务报表的重要性，力图将编写报表和读懂报表紧密结合，注重会计知识与企业实务的结合，适合高等学校会计学专业本科生及非会计学专业的本科生和研究生使用。

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Marian Powers received a B.S. degree from Chicago State University and a Ph.D. degree from the University of Illinois at Urbana-Champaign. In addition to the Kellogg Graduate School of Management at Northwestern University, she has taught financial accounting at the University of Illinois, Chicago, and at the Lake Forest Graduate School of Management. Internationally recognized as a dynamic teacher in executive education, she specializes in teaching nonfinancial managers how to read and understand internal and external financial reports, including the impact of international financial reporting standards (IFRS). Dr. Powers' current research relates to international financial reporting, performance measurement, and corporate governance of high-performance companies in the United States, Europe, India, and Australia. Her research has been published in leading journals. Her textbooks, co-authored with Belverd E. Needles, Jr., are used throughout the world and have received many awards, including the Textbook Excellence Award and the McGuffey Award from the Text and Academic Authors Association. She has also co-authored three interactive multimedia software products. Dr. Powers currently serves on the board of the CPA Endowment Fund of Illinois and on the board of governors of the Winnetka Community House. She is a member of the International Association of Accounting Education and Research and the Illinois CPA Society. She has served on the board of directors of the Illinois CPA Society, the Educational Foundation of Women in Accounting, and both the national and Chicago chapters of ASWA.

Belverd E. Needles, Jr., received B.B.A. and M.B.A. degrees from Texas Tech University and a Ph.D. degree from the University of Illinois at Urbana-Champaign. He teaches financial accounting, managerial accounting, and auditing at DePaul University, where he is an internationally recognized expert in international accounting and education. He has published in leading journals and is the author or editor of more than 20 books and monographs. His current research relates to international financial reporting, performance measurement, and corporate governance of high-performance companies in the United States, Europe, India, and Australia. His textbooks are used throughout the world and have received many awards, including (in 2008) the McGuffey Award from the Text and Academic Authors Association. Active in many academic and professional organizations, he is currently Vice President-Education of the American Accounting Association. He has received the Distinguished Alumni Award from Texas Tech University, the Illinois CPA Society Outstanding Educator Award and its Life-Time Achievement Award, the Joseph A. Silvoso Faculty Award of Merit from the Federation of Schools of Accountancy, the Ledger & Quill Award of Merit, and the Ledger & Quill Teaching Excellence Award. He was named Educator of the Year by the American Institute of CPAs, Accountant of the Year for Education by the national honorary society Beta Alpha Psi, and Outstanding International Accounting Educator by the American Accounting Association. He has received the Excellence in Teaching Award from DePaul University.

导 读

会计，作为一门通用的商业语言，在经济活动中起着举足轻重的作用。企业通过将其发生的交易或者事项进行确认、计量和报告，运用会计语言向投资者、债权人、政府监管机构等各个利益相关方提供与企业财务状况、经营成果和现金流量等有关的重要信息，以反映企业管理层受托责任履行情况，同时有助于利益相关方作出相应的经济决策。

我们所改编的这本教材的作者是来自美国西北（Northwestern）大学的Powers教授和来自美国德保罗（DePaul）大学的Needles教授。这两位教授均有着较高的学术声誉、丰富的教学经验，他们所编著的这本《财务会计》是一本在国际上得到高度认同、使用范围很广的会计教材，历经修订，如今已经出到第十一版。该教材写作风格简明扼要，将会计专业知识与企业业务活动紧密结合，以一个真实的商业世界为背景，通过使用图表和案例将复杂的概念清晰地展示在学生面前，具有卓越的可读性。这本教材的改编出版，将对我国会计学专业本科生及其他非会计学专业的学生学习理解财务会计起到很大的帮助作用。

作为一本在海外深受欢迎的“财务会计”课程教材，本书结构清晰，注重教学方法的应用，深入浅出地介绍了会计学基本知识，并高度强调了财务报表的重要性。每一章节中都有关于财务报表的知识点，并围绕报表项目进行财务指标分析的教学，力图将编写报表和读懂报表紧密结合。而教材中提供的来自真实企业的财务报表，是本次修订中的一个亮点，学生可以通过对报表的学习，锻炼其决策技能，积累实务处理经验。

本书还高度重视会计知识与企业实务的结合。“Focus on Business Practice”部分通过对真实商业世界的描述来进一步解释会计概念和会计实务操作，有利于帮助学生进一步掌握知识点，培养学生的批判性思维及职业判断能力。此书的另一亮点在于注重扩展学生的国际视野，对国际财务报告准则（IFRS）的关注始终贯穿全书。

全书共有十四章，深入浅出地介绍了会计信息的生成和使用、分析了企业的经营活动及其涉及的会计事项，具体介绍了存货、现金和应收账款、短期负债及公允价值会计、长期资产与长期负债、所有者权益等项目的会计处理，并介绍了财务报表的生成过程以及应该如何阅读、分析财务报表。本书的篇章结构和内容如下。

第一章：会计信息和财务报表的用途。本章简要地介绍了会计信息系统的运行，利益相关方如何利用会计信息进行决策，会计的计量方法，企业的业务形式，财务报表及其组成成分，以及美国的通用会计准则（GAAP）。

第二章：商业行为分析。本章首先简要地介绍了会计确认、计量以及复式记账，其次介绍了企业中常见商业行为的会计处理以及相关的会计账簿。

第三章：业务收入的计量。本章重点介绍了权责发生制会计以及试算平衡表，此外还介绍了如何使用调整过的试算平衡表来编制财务报表，以及基于权责发生制的现

金流量。

第四章：财务报告及分析。本章主要介绍了财务报告的基础以及编制财务报告的会计惯例，资产负债表和利润表的生成及其形式，以及如何使用财务指标进行企业的绩效评估。

第五章：企业的经营周期及采购业务。本章重点介绍了企业的经营业务管理，商品的销售方式，存货的永续盘存制和定期盘存制，以及企业的内部控制特别是对商品交易过程的内部控制。

第六章：存货。本章详细介绍了存货的管理，存货的成本及估值，在定期盘存制下发出存货的成本计量以及不同的成本计量方法对财务报告、缴税和现金流的影响。此外还简要地介绍了在永续盘存制下的存货成本，以及对库存存货的估值。

第七章：现金及应收款项。本章主要介绍了与现金和应收款项相关的计量方法，现金等价物及现金的管理，坏账的会计处理，以及应收票据的会计处理。

第八章：流动负债与公允价值会计。本章首先介绍了流动负债的管理及其常见形式，其次介绍了或有负债，以及流动负债的公允价值计量和现值计量。

第九章：长期资产。本章详细介绍了与长期资产相关的会计处理，特别是固定资产的取得及成本计量，折旧及固定资产清理。此外，本章还介绍了生物资产和无形资产的确认与计量。

第十章：长期负债。本章介绍了与长期负债相关的会计处理，重点介绍了债券的各种发行方式以及相应的会计处理方法。

第十一章：股东权益。本章介绍了实收资本的管理及股东权益的组成，以及股票发行、库藏股票、股票分割业务，并对公司股东权益报表进行了解释说明。

第十二章：现金流量表。本章简要地介绍了现金流量表的构成和使用，重点介绍了现金流量的分类以及现金流量表的编制方法。

第十三章：财务业绩评价。本章首先介绍了财务业绩评价的基础，其次介绍了盈余质量的评估方法以及财务分析的相应工具和技巧，最后介绍了财务指标的综合分析以及企业整体盈利能力和资产管理能力的评估。

第十四章：投资。本章介绍了与投资相关的会计处理，特别是在权益市场的短期投资和长期投资，以及合并财务报表。此外还简要介绍了债权投资。

在本教材每一章节的编写上，图文并茂、讲解详细、重点突出。“Learning Objectives”与“Stop & Review”部分首尾呼应，便于学生对章节重点内容的掌握和巩固。为夯实对知识点的掌握，本教材还提供了丰富的课后习题：“Short Exercises”和“Exercises”部分的练习能帮助学生掌握基础知识点；而“Problems”和“Cases”部分的练习能深化学生对知识点的理解，并帮助其灵活掌握使用。

本教材的改编以忠实原著为基本原则，对与我国会计准则存在较大差异的部分进行删减和修改，保留了与我国会计实务有差异但对学生的深入学习有启发和帮助的内容，并按照我国的教学习惯，删除部分案例，同时将课后习题删减到合理的量。此外，本教材还提供教学课件等教学资源，请有需要的教师填写书后的《教辅材料申请表》后向CENGAGE Learning索取。

改编及审校者

CONTENTS

CHAPTER 1

Uses of Accounting Information and the Financial Statements

LEARNING OBJECTIVES

LO 1 Define *accounting* and describe its role in making informed decisions, identify business goals and activities, and explain the importance of ethics in accounting.

LO 2 Identify the users of accounting information.

LO 3 Explain the importance of business transactions, money measure, and separate entity.

LO 4 Describe the characteristics of a corporation.

LO 5 Identify the four basic financial statements and define their elements.

LO 6 Explain how generally accepted accounting principles (GAAP) relate to financial statements and the independent CPA's report, and identify the organizations that influence GAAP.

Today, more people than ever before recognize the importance of accounting information to a business, its owners, its employees, its lenders, and the financial markets. In this chapter, we discuss the importance of ethical financial reporting, the uses and users of accounting information, and the financial statements that accountants prepare. We end the chapter with a discussion of generally accepted accounting principles.

FOCUS ON FINANCIAL STATEMENTS

INCOME STATEMENT
Revenues
− Expenses
= Net Income

STATEMENT OF RETAINED EARNINGS
Opening Balance
+ Net Income
− Dividends
= Retained Earnings

BALANCE SHEET
Assets | Liabilities
Equity
A = L + E

STATEMENT OF CASH FLOWS
Operating Activities
+ Investing Activities
+ Financing Activities
= Change in Cash
+ Starting Balance
= **Ending Cash Balance**

Although each financial statement gives a unique view of a company's results, all four are interrelated.

ACCOUNTING AS AN INFORMATION SYSTEM

LO 1 Define *accounting* and describe its role in making informed decisions, identify business goals and activities, and explain the importance of ethics in accounting.

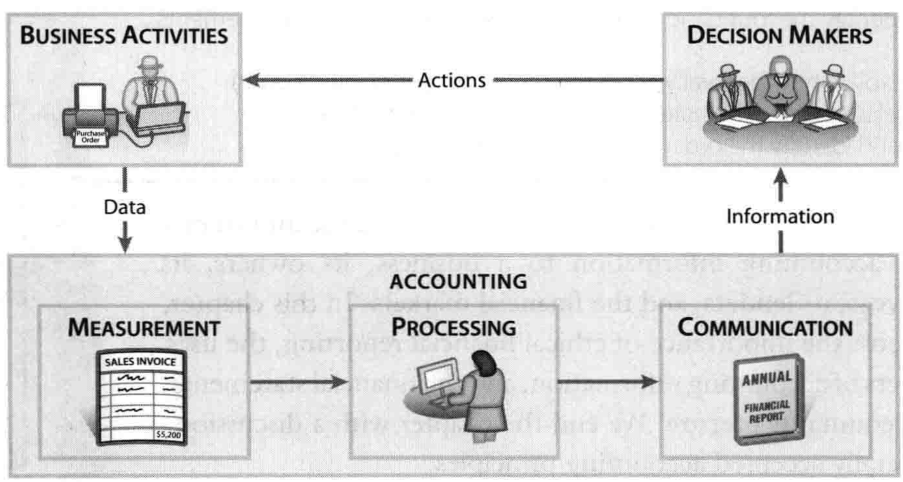
Accounting is an information system that measures, processes, and communicates financial information about an economic entity.[1] An economic entity is a unit that exists independently, such as a business, a hospital, or a governmental body. Although the central focus of this book is on business entities, we include other economic units at appropriate points in the text and in the end-of-chapter assignments.

Accountants focus on the needs of decision makers who use financial information, whether those decision makers are inside or outside a business or another economic entity. Accountants provide a vital service by supplying the information decision makers need to make "reasoned choices among alternative uses of scarce resources in the conduct of business and economic activities."[2] As shown in Exhibit 1.1, accounting is a link between business activities and decision makers.

- Accounting measures business activities by recording data about them for future use.
- The data are stored until needed and then processed to become useful information.
- The information is communicated through reports to decision makers.
- Based on information from accounting, decision makers take actions that affect subsequent business activities.

In other words, data about business activities are the input to the accounting system, and useful information for decision makers is the output.

EXHIBIT 1.1
Accounting as an Information System



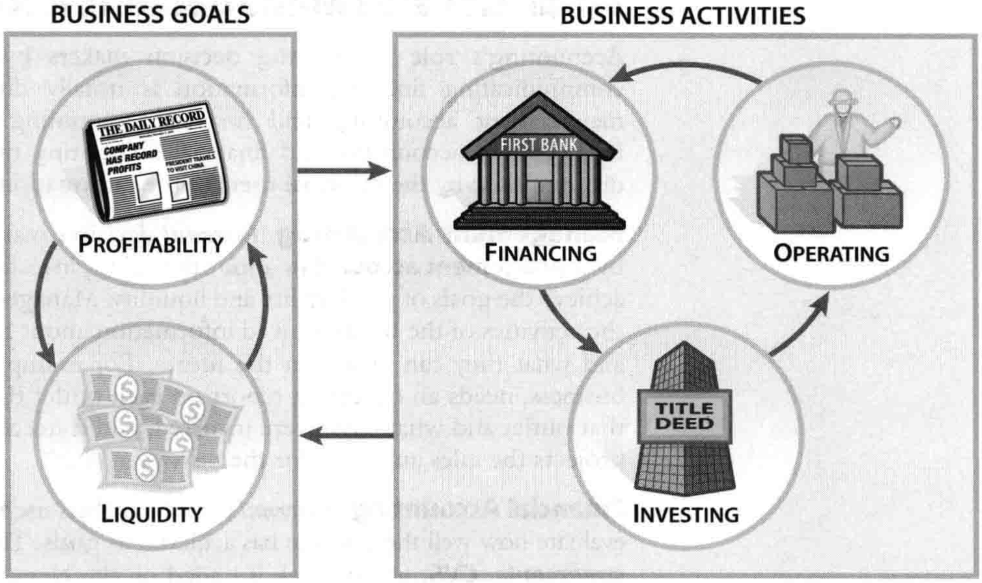
Business Goals and Activities

A **business** is an economic unit that aims to sell goods and services to customers at prices that will provide an adequate return to its owners. These businesses have similar goals and engage in similar activities, as shown in Exhibit 1.2.

The two major goals of all businesses are profitability and liquidity.

- **Profitability** is the ability to earn enough income to attract and hold investment capital.
- **Liquidity** is the ability to have enough cash to pay debts when they are due.

EXHIBIT 1.2
Business Goals and Activities



To succeed and even to survive, a company must meet both goals. For example, **Honda** may meet the goal of profitability by selling many cars at a price that earns a profit, but if its customers do not pay for their cars quickly enough to enable Honda to pay its suppliers and employees, the company may fail to meet the goal of liquidity, which could force it into bankruptcy.

All companies, whether they are retailers, manufacturers, or service providers, pursue their goals by engaging in operating, investing, and financing activities.

- **Operating activities** include buying, producing, and selling goods and services; hiring managers and other employees; and paying taxes.
- **Investing activities** involve spending a company's capital in ways that will help it achieve its goals. They include buying the resources needed to operate the business, such as land, buildings, and equipment, and selling those resources when they are no longer needed.
- **Financing activities** involve obtaining adequate funds to begin operating the business and to continue operating it. They include obtaining capital from creditors, such as banks and suppliers, and from the company's owners. They also include repaying creditors and paying a return to the owners.

Financial Analysis **Financial analysis** is the use of financial statements to determine that a business is well managed and is achieving its goals. The effectiveness of financial analysis depends on the use of relevant performance measures and financial ratios.

CASH FLOW

To be relevant, **performance measures** must be well aligned with the two major goals of business—profitability and liquidity. Profitability is commonly measured in terms of net income, and cash flows are a common measure of liquidity.

RATIO

Financial ratios show how the elements of financial statements relate to each other. They allow for comparisons from one period to another and from one company to another. For example, to assess one company's profitability, it would be helpful to consider the ratio of its earnings to total assets as well as its profit margin, and for liquidity, the ratio of its cash flows to total assets.

The most important elements of financial statements are introduced later in this chapter, and financial ratios are introduced beginning in this chapter and continued in subsequent chapters.

Financial and Management Accounting

Accounting's role of assisting decision makers by measuring, processing, and communicating financial information is usually divided into the categories of management accounting and financial accounting. Although the functions of management accounting and financial accounting overlap, their functions can be distinguished by the principal users of the information that they provide.

Management Accounting *Internal* decision makers use information provided by **management accounting** about financing, investing, and operating activities to achieve the goals of profitability and liquidity. Managers and employees who conduct the activities of the business need information about how they have done in the past and what they can expect in the future. For example, **Gap Inc.**, a retail clothing business, needs an operating report on each outlet that tells how much was sold at that outlet and what costs were incurred, and it needs a budget for each outlet that projects the sales and costs for the next year.

Financial Accounting *External* decision makers use **financial accounting** reports to evaluate how well the business has achieved its goals. These reports are called **financial statements**. **CVS**, whose stock is traded on the New York Stock Exchange, sends its financial statements to its owners (called *stockholders*), its banks and other creditors, and government regulators. Financial statements report directly on the goals of profitability and liquidity and are used extensively both inside and outside a business to evaluate the business's success. Every person involved with a business should have an understanding of financial statements. They are a central feature of accounting and a primary focus of this book.

It is important to distinguish accounting from the ways in which accounting information is processed by bookkeeping and management information systems.

- **Bookkeeping** is mechanical and repetitive; it is the process, usually through the use of computers, of recording financial transactions and keeping financial records. It is a small—but important—part of accounting.
- **Management information systems (MIS)** consist of the interconnected subsystems, including accounting, that provide the information needed to run a business.

Ethical Financial Reporting

Ethics is a code of conduct that applies to everyday life. It addresses the question of whether actions are right or wrong. Actions—whether ethical or unethical, right or wrong—are the product of individual decisions. Thus, when an organization acts unethically by using false advertising, cheating customers, polluting the environment, or treating employees unfairly, it is not the organization that is responsible—it is the members of management and other employees who have made a conscious decision to act in this manner.

Focus on Business Practice

Cash Bonuses Depend on Accounting Numbers!

Most businesses use the amounts reported in their financial statements as a basis for rewarding management. Because managers act to achieve these accounting measures, selecting measures that are not easily manipulated is important. Equally important is maintaining a balance of measures that reflect the goals of profitability and liquidity.

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Ethics is especially important in preparing financial reports because users of these reports must depend on the good faith of the people involved in their preparation. Users have no other assurance that the reports are accurate and fully disclose all relevant facts.

The intentional preparation of misleading financial statements is called **fraudulent financial reporting**.[3] It can result from the distortion of records (e.g., the manipulation of inventory records), falsified transactions (e.g., fictitious sales), or the misapplication of various accounting principles. There are a number of motives for fraudulent reporting—for instance, to cover up financial weakness in order to obtain a higher price when a company is sold, to meet the expectations of stockholders and financial analysts, or to obtain a loan. The incentive can also be personal gain, such as additional compensation, promotion, or avoidance of penalties for poor performance.

Whatever the motive for fraudulent financial reporting, it can have dire consequences, as the accounting scandals that erupted at **Enron Corporation** and **WorldCom** in 2001 and 2002, respectively, attest. Unethical financial reporting and accounting practices at those two major corporations caused thousands of people to lose their jobs, their investment incomes, and their pensions. They also resulted in prison sentences and fines for the corporate executives who were involved.

Passed in response to these scandals, the **Sarbanes-Oxley Act** of 2002 regulates financial reporting and the accounting profession, among other things. This legislation ordered the Securities and Exchange Commission (SEC) to draw up rules requiring the chief executives and chief financial officers of all publicly traded U.S. companies to swear that, based on their knowledge, the quarterly statements and annual reports that their companies file with the SEC are accurate and complete. Violation can result in criminal penalties.

A company's management expresses its duty to ensure that financial reports are not false or misleading in the management report that appears in the company's annual report. For example, in its management report, **Target Corporation** makes the following statement:

> Management is responsible for the consistency, integrity and presentation of the information in the Annual Report.[4]

However, it is accountants, not management, who physically prepare and audit financial reports. To meet the high ethical standards of the accounting profession, they must apply accounting concepts in such a way as to present a fair view of a company's operations and financial position and to avoid misleading readers of their reports. Like the conduct of a company, the ethical conduct of a profession is a collection of individual actions. As a member of a profession, each accountant has a responsibility—not only to the profession but also to employers, clients, and society as a whole—to ensure that any report he or she prepares or audits provides accurate,

Focus on Business Practice

How Did Accounting Develop?

Accounting is a very old discipline. Forms of it have been essential to commerce for more than 5,000 years. Accounting, in a version close to what we know today, gained widespread use in the 1400s, especially in Italy, where it was instrumental in the development of shipping, trade, construction, and other forms of commerce. This system of double-entry bookkeeping was documented by the famous Italian mathematician, scholar, and philosopher Fra Luca Pacioli. In 1494, Pacioli published his most important work, *Summa de Arithmetica, Geometrica, Proportioni et Proportionalita,* which contained a detailed description of accounting as practiced in that age. This book became the most widely read book on mathematics in Italy and firmly established Pacioli as the "Father of Accounting."

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reliable information. The high regard that the public has historically had for the accounting profession is evidence that an overwhelming number of accountants have upheld the ethics of the profession.

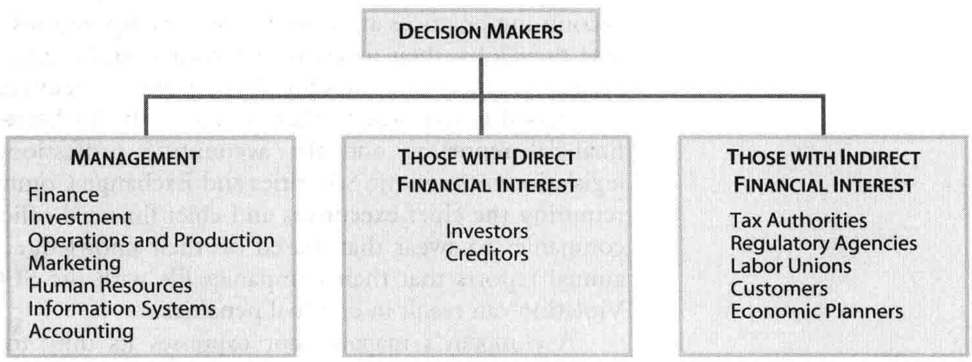
DECISION MAKERS: THE USERS OF ACCOUNTING INFORMATION

Identify the users of accounting information. LO 2

As shown in Exhibit 1.3, the people who use accounting information to make decisions fall into three categories:

- Those who manage a business
- Those outside a business enterprise who have a direct financial interest in the business
- Those who have an indirect financial interest in a business

EXHIBIT 1.3
The Users of Accounting Information



These categories apply to governmental and not-for-profit organizations as well as to profit-oriented ventures.

Management

STUDY NOTE: *Managers are internal users of accounting information.*

Management refers to the people who are responsible for ensuring that a company meets its goals of profitability and liquidity. As we noted earlier, all companies pursue these goals by engaging in operating, investing, and financing activities. Making decisions about these activities is the basic function of managers, and to make good decisions, they must have timely and valid accounting information.

For example, managers need answers to such questions as:

- What were the company's earnings during the past quarter?
- Is the rate of return to the owners adequate?
- Does the company have enough cash?
- Which products or services are most profitable?

Because so many key decisions are based on accounting data, management is one of the most important users of accounting information.

Users with a Direct Financial Interest

STUDY NOTE: *The primary external users of accounting information are investors and creditors.*

Most companies periodically publish financial statements that report their success in meeting the goals of profitability and liquidity. These statements, which we discuss later in this chapter, show what has happened in the past and are important indicators of what will happen in the future. Many people outside a company, particularly investors and creditors and potential investors and creditors, study these statements carefully.

Investors **Investors**, who have invested capital in a company and thus acquired part ownership in it have a direct financial interest in its success, and they depend on the financial statements to evaluate how the business has performed. Potential investors are interested in a company's past success and its future earnings. A thorough study of a company's financial statements helps potential investors judge the prospects for a profitable investment.

Creditors **Creditors**, those who lend money or deliver goods and services before being paid, are interested mainly in whether a company will have the cash to pay interest charges and to repay the debt on time. They study a company's cash flow to determine its liquidity; they also look at its profitability. Banks, finance companies, mortgage companies, securities firms, insurance firms, suppliers, and other lenders must analyze a company's financial position before they make a loan.

Users with an Indirect Financial Interest

In recent years, society as a whole, through governmental and public groups, has become one of the largest and most important users of accounting information. Users who need accounting information to make decisions on public issues include tax authorities, regulatory agencies, and various other groups.

Tax Authorities Government at every level is financed through the collection of taxes. Companies and individuals pay many kinds of taxes, including federal, state, and city income taxes; Social Security and other payroll taxes; excise taxes; and sales taxes. Each tax requires special tax returns and often a complex set of records as well. Proper reporting is generally a matter of law and can be very complicated. The Internal Revenue Code, for instance, contains thousands of rules governing the preparation of the accounting information used in computing federal income taxes.

Regulatory Agencies Most companies must report periodically to one or more regulatory agencies at the federal, state, and local levels. For example, all publicly traded corporations must report periodically to the **Securities and Exchange Commission (SEC)**. This body, set up by Congress to protect the public, regulates the issuing, buying, and selling of stocks in the United States. Companies listed on a stock exchange also must meet the special reporting requirements of their exchange.

Other Groups Other groups with an indirect financial interest in accounting information include the following:

- **Labor Unions:** As they prepare for contract negotiations with a company, labor unions study the company's financial statements. A company's income and expenses often play an important role in these negotiations.
- **Advisors of Investors and Creditors:** Financial analysts, brokers, underwriters, lawyers, economists, and the financial press all have an indirect interest in the financial performance and prospects of a business.

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Focus on Business Practice

What Do CFOs Do?

According to a business survey, the chief financial officer (CFO) is the "new business partner of the chief executive officer" (CEO). CFOs (most of whom have an accounting or finance background) are increasingly required to take on responsibilities for strategic planning, mergers and acquisitions, and tasks involving international operations, and many of them are becoming CEOs of their companies. Those who do become CEOs are finding that "a financial background is invaluable when they're saddled with the responsibility of making big calls."[5]

- **Consumer Groups, Customers, and the General Public:** The public has become more concerned about the financing and earnings of corporations as well as about the effects that corporations have on inflation, the environment, social issues, and the quality of life.
- **Economic Planners:** The President's Council of Economic Advisers and the Federal Reserve Board use aggregated accounting information to set and evaluate economic policies and programs.

Governmental and Not-for-Profit Organizations

More than 30 percent of the U.S. economy is generated by governmental and not-for-profit organizations (hospitals, universities, professional organizations, and charities). The managers of these diverse entities perform the same functions as managers of businesses, and they therefore have the same need for accounting information and a knowledge of how to use it. Their functions include raising funds from investors, creditors, taxpayers, and donors and deploying scarce resources. They must also plan how to pay for operations and to repay creditors on a timely basis. In addition, they have an obligation to report their financial performance to legislators, boards, and donors, as well as to deal with tax authorities, regulators, and labor unions.

Although most of the examples that we present in this text focus on business enterprises, the same basic principles apply to governmental and not-for-profit organizations.

ACCOUNTING MEASUREMENT

LO 3 Explain the importance of business transactions, money measure, and separate entity.

In this section, we begin the study of the measurement aspects of accounting—that is, what accounting actually measures. To make an accounting measurement, the accountant must answer four basic questions:

- What is measured?
- When should the measurement be made?
- What value should be placed on what is measured?
- How should what is measured be classified?

Accountants debate the answers to these questions constantly, and the answers change as new knowledge and practice require. But the basis of today's accounting practice rests on a number of widely accepted concepts and conventions, which we describe in this book. We begin by focusing on the first question: What is measured? We discuss the other three questions (recognition, valuation, and classification) in the next chapter.

Every system must define what it measures, and accounting is no exception. Basically, financial accounting uses money to gauge the impact of business transactions on business entities.

Business Transactions

Business transactions are economic events that affect a business's financial position. Businesses can have hundreds or even thousands of transactions every day. These transactions are the raw material of accounting reports.

A transaction can be an exchange of value (a purchase, sale, payment, collection, or loan) between two or more parties. A transaction also can be an economic event that has the same effect as an exchange transaction but that does not involve an exchange. Some examples of these nonexchange transactions are losses from fire,