

18
edition

Fundamental Accounting Principles

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To my wife **Gail** and children, **Kimberly, Jonathan, Stephanie, and Trevor.**
 To my wife **Nancy.**
 To my husband **Bob**, my sons **Michael and David**, and my **mother.**



FUNDAMENTAL ACCOUNTING PRINCIPLES

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This book is printed on acid-free paper.

1 2 3 4 5 6 7 8 9 0 DOW/DOW 0 9 8 7 6

ISBN-13: 978-0-07-299653-1 (combined edition)

ISBN-10: 0-07-299653-6 (combined edition)

ISBN-13: 978-0-07-299656-2 (volume 1, chapters 1–12)

ISBN-10: 0-07-299656-0 (volume 1, chapters 1–12)

ISBN-13: 978-0-07-299655-5 (volume 2, chapters 12–25)

ISBN-10: 0-07-299655-2 (volume 2, chapters 12–25)

ISBN-13: 978-0-07-326631-2 (with working papers volume 1, chapters 1–12)

ISBN-10: 0-07-326631-0 (with working papers volume 1, chapters 1–12)

ISBN-13: 978-0-07-326632-9 (with working papers volume 2, chapters 12–25)

ISBN-10: 0-07-326632-9 (with working papers volume 2, chapters 12–25)

ISBN-13: 978-0-07-299654-8 (principles, chapters 1–17)

ISBN-10: 0-07-299654-4 (principles, chapters 1–17)

Editorial director: *Stewart Mattson*

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Cover design: *Matthew Baldwin*

Interior design: *Kay Fulton*

Cover image: © *Corbis Images*

Typeface: *10.5/12 Times Roman*

Compositor: *Techbooks*

Printer: *R. R. Donnelley*

Library of Congress Cataloging-in-Publication Data

Wild, John J.

Fundamental accounting principles / John J. Wild, Kermit D. Larson, Barbara Chiappetta.—18th ed.

p. cm.

Kermit D. Larson's name appears first on the 17th edition.

Includes index.

ISBN-13: 978-0-07-299653-1 (alk. paper)

ISBN-10: 0-07-299653-6 (alk. paper)

1. Accounting. I. Larson, Kermit D. II. Chiappetta, Barbara. III. Title.

HF5635.P975 2007

657—dc22

2006041956

Dear Colleagues/Friends,

As we roll out the 18th edition of *Fundamental Accounting Principles*, we wish to thank each of you who adopted the prior edition. As teachers, we appreciate the importance of selecting the best textbook. We are humbled that you have helped make our book the fastest growing accounting principles textbook on the market—with the number of users growing by 45% over the past two editions. Our publisher, McGraw-Hill/Irwin, recognized this remarkable growth by selecting this book for its “Outstanding Revision of the Year” award.

Our goal in this edition is to further that success. In the past couple years, we again listened closely to you, to our own students, and to our colleagues across the country. As a result, this edition addresses the needs of you and your students better than any previous edition. Above all, we enhanced aspects of the book that contribute to its current success: cutting-edge technology, engaging and accurate content, and clear and concise writing.

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We owe a huge debt of gratitude to the hundreds of colleagues like you who took time to discuss with us the needs of today’s instructors and students. We feel fortunate to witness our profession’s extraordinary devotion to teaching and helping students learn accounting. Your feedback and suggestions are reflected in everything we write. Please accept our heartfelt thanks for your dedication in helping today’s students understand and appreciate accounting.

With kindest regards,

John J. Wild

Kermit D. Larson

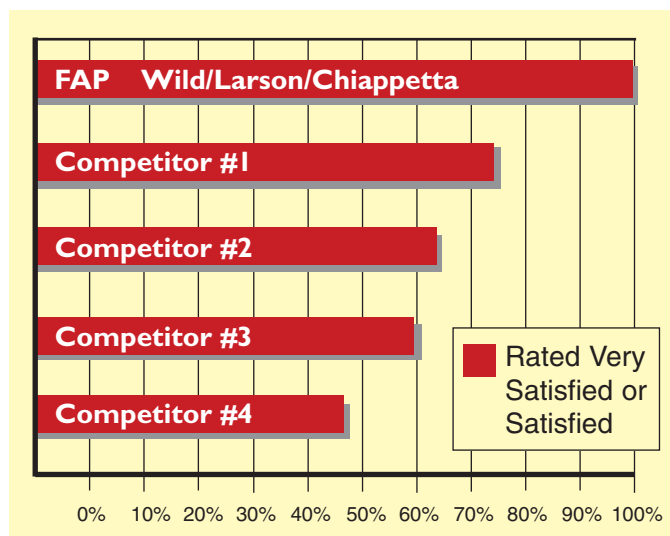
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John J. Wild is a professor of accounting and the Robert and Monica Beyer Distinguished Professor at the University of Wisconsin at Madison. He previously held appointments at Michigan State University and the University of Manchester in England. He 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 and 2005 business graduates 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 journals. 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.



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.



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 the 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.





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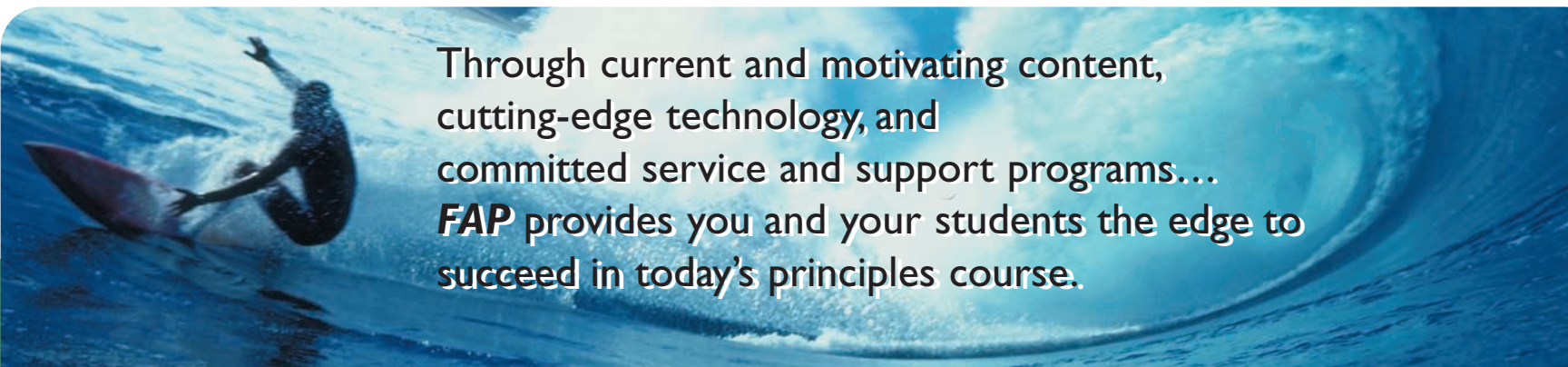
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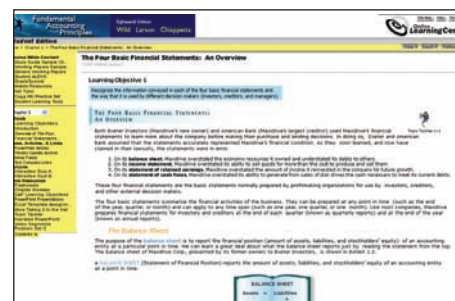
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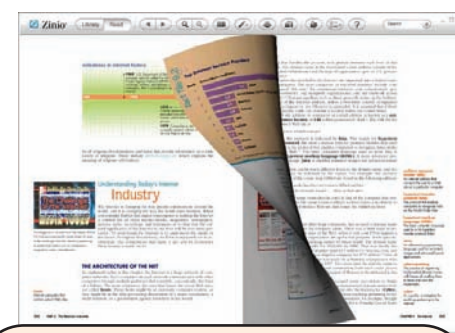
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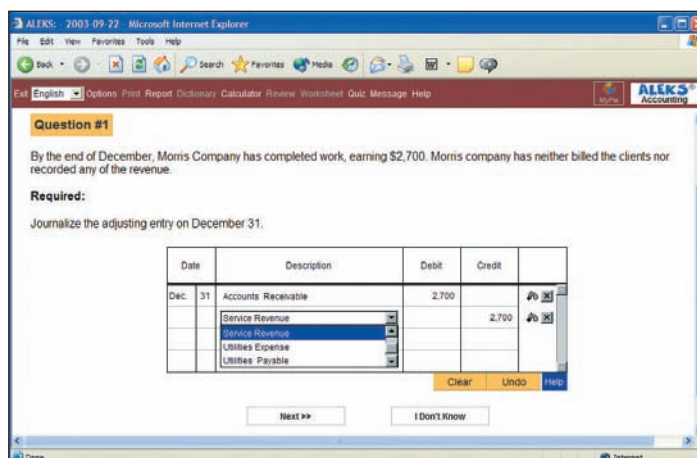
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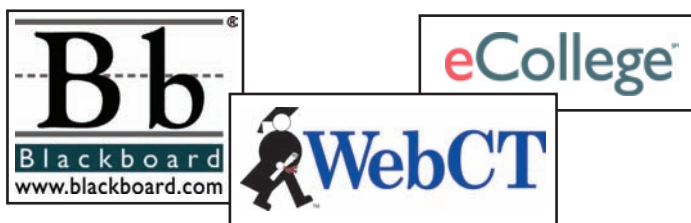
Liz Ott, Casper College

"I originally adopted the book because of the tools that accompanied it: Homework Manager, ALEKS, CPS."

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No matter what online course management system you use (WebCT, BlackBoard, or eCollege), we have a course content ePack available for FAP 18e. Our new ePacks are specifically designed to make it easy for students to navigate and access content online. They are easier than ever to install on the latest version of the course management system available today.

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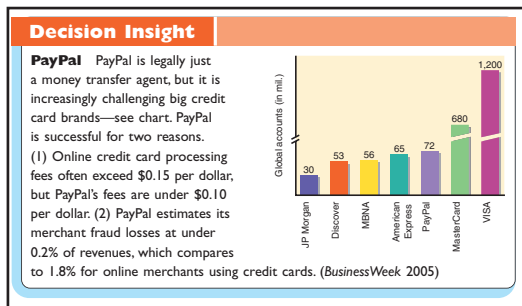
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Decision Center

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, *Fundamental Accounting Principles 18e* 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.



Decision Maker Answer—p. 337

Entrepreneur As owner of a start-up information services company, you hire a systems analyst. One of her first recommendations is to require all employees to take at least one week of vacation per year. Why would she recommend a "forced vacation" policy?

Analyzing and Recording Transactions 67

Decision Analysis

Assess a company's risk of failing to pay its debts or equity. A company that finances a high degree of *financial leverage* must be repaid and often require regular payments. A company might not be able to meet its obligations (highly leveraged). One way to assess the *debt ratio* as in Exhibit 2.17.

A2 Compute the debt ratio and describe its use in analyzing financial condition.

Exhibit 2.17

Decision Ethics Answer—p. 71

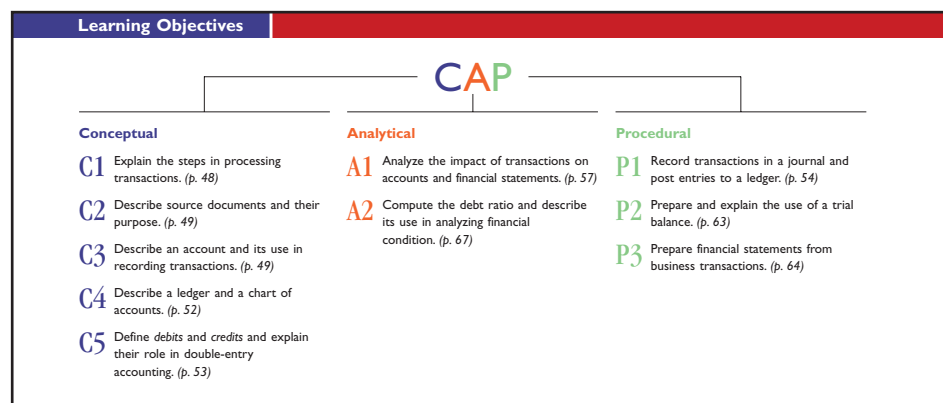
Cashier Your manager requires that you, as cashier, immediately enter each sale. Recently, lunch hour traffic has increased and the assistant manager asks you to avoid delays by taking customers' cash and making change without entering sales. The assistant manager says she will add up cash and enter sales after lunch. She says that, in this way, the register will always match the cash amount when the manager arrives at three o'clock. What do you do?

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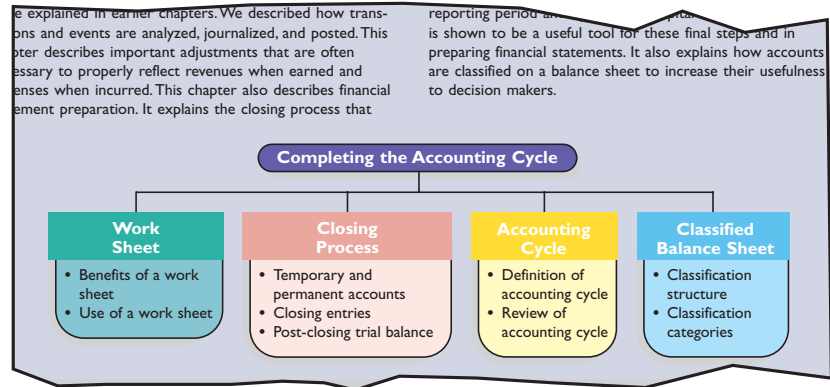
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These short question/answer features reinforce the material immediately preceding them. They allow the reader to pause and reflect on the topics described, then receive immediate feedback before going on to new topics. Answers are provided at the end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

Quick Check	Answers—p. 112
1. Describe a company's annual reporting period.	
2. Why do companies prepare interim financial statements?	
3. What two accounting principles most directly drive the adjusting process?	
4. Is cash basis accounting consistent with the matching principle? Why or why not?	
5. If your company pays a \$4,800 premium on April 1, 2007, for two years' insurance coverage, how much insurance expense is reported in 2008 using cash basis accounting?	

"(This book is) visually friendly with many illustrations. Good balance sheet presentation in margin."
Joan Cook, Milwaukee Area Technical College

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. The annotations also include notes on global implications of accounting and further examples.

including depreciation) and unearned revenue received *before* a related expense or revenue the recognition of an expense (or or received). The right side of this exhibit reflect transactions when cash is cognized. Adjusting entries are necessary, and liabilities are correctly reported. *acts one or more income statement accounts the Cash account).*

Point: Adjusting is a 3-step process:
 (1) Determine current account balance,
 (2) Determine what current account balance should be, and (3) Record entry to get from step 1 to step 2.

FastForward

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

Chuck Taylor invests \$30,000 cash in FastForward.

FAST Forward

Assets		=	Liabilities	+	Equity
Cash					C. Taylor, Capital
+ 30,000		=	0	+	30,000
(1) Cash	101		30,000		
	C. Taylor, Capital	301			30,000



Demonstration Problems present b

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

Multiple Choice Questions

In response to review and focus group feedback, the author has created Multiple Choice Questions that quickly test chapter knowledge before a student moves on to complete Quick Studies, Exercises, and Problems.

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

Exercises are one of this book's many strengths and a competitive advantage. There are about 10-15 per chapter and all are included in Homework Manager.

Problem Sets A & B

Demonstration Problem

(This problem extends the demonstration problem of Ch. 3. Jasmine Worthing started a haircutting business called Expo its first month.

- On August 1, Worthing invested \$3,000 cash and \$15,000.
- On August 2, Expressions paid \$600 cash for furniture.
- On August 3, Expressions paid \$500 cash to rent space.
- On August 4, it purchased \$1,200 of equipment on credit.
- On August 5, Expressions opened for business. Cash received and a half of business (ended August 15) is \$825.
- On August 15, it provided \$100 of haircutting services on credit.
- On August 17, it received a \$100 check for services.
- On August 17, it paid \$125 to an assistant for working.
- Cash received from services provided during the second.
- On August 31, it paid a \$400 installment toward principal.
- On August 31, Worthing withdrew \$900 cash for personal

Planning the Solution


- Analyze each transaction and use the debit and credit rules to prepare a journal entry for each.
- Post each debit and credit from journal entries to their ledger accounts and cross-reference each amount in the posting reference (PR) columns of the journal and ledger.
- Calculate each account balance and list the accounts with their balances on a trial balance.
- Verify that total debits in the trial balance equal total credits.
- To prepare the income statement, identify revenues and expenses. List those items on the statement, compute the difference, and label the result as net income or net loss.
- 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:

General Journal					Page 1
Date	Account Titles and Explanation	PR	Debit	Credit	
Aug. 1	Cash			15,000	

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



Multiple Choice Quiz

Debit (p. 53)

Answers on p. 89

Multiple Choice Quizzes A and B are available at the book's Website.

1. Amalia Company received its utility bill for the current period of \$700 and immediately paid it. Its journal entry to record this transaction includes a

- a.** Credit to Utility Expense for \$700.
- b.** Debit to Utility Expense for \$700.
- c.** Debit to Accounts Payable for \$700.
- d.** Debit to Cash for \$700.

2. On May 1, Mattiungu Lawn Service collected \$2,500 cash from customers for lawn care services of lawn service, Mattiungu's

- d. 1. Share, Capital**
- 2. Cash**
- Land**

4. A trial balance prepared at the end of the period will show total debits by \$765. The cause by

- a. An error in the general ledger**
- b. Accounts Payable was**
- c. Accounts Payable was**
- d. The ledger was**

QUICK STUDY


QS 2-1

Identifying source documents

C2

Identify the items from the following list that are likely to serve as source documents.

<p>a. Sales ticket</p> <p>b. Income statement</p> <p>c. Trial balance</p>	<p>d. Telephone bill</p> <p>e. Invoice from supplier</p> <p>f. Company revenue account</p>	<p>g. Balance sheet</p> <p>h. Prepaid insurance</p> <p>i. Bank statement</p>
--	---	---




QS 2-2

Identifying financial statement items

Identify the financial statement(s) where each of the following items appears. Use I for income statement, E for statement of owner's equity, and B for balance sheet.

a. Cash paid to the owner



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.

<p>a. Accounts Payable</p> <p>b. Postage Expense</p> <p>c. Prepaid Insurance</p> <p>d. Land</p>	<p>e. Owner Capital</p> <p>f. Accounts Receivable</p> <p>g. Owner Withdrawals</p> <p>h. Cash</p>
---	--

i. Equipment

j. Fees Earned

k. Wages Expense

l. Unearned Revenue

EXERCISES

Exercise 2-1

Identifying type and normal balances of accounts

G3 G5

h a value of \$5,000, and
signing a long-term note
and acquired in *b*.
cash,
h and signing a long-term

PROBLEM SET B

Problem 2-1B
Preparing and posting journal entries; preparing a trial balance

G4 C5 A1 P1 P2

At the beginning of 2017, the accounts of Bernadette G. and her company, Softworks, The co-

a. Bernadette G. of computer

b. Purchased la- payable for \$

c. Purchased a

"One of the best features in FAP is the Serial Problem. I find the continuation of a company from a service to a merchandiser, to a manufacturing, and from a sole proprietorship form or business to a corporation, provides the student a real picture of a company's development. It also provides a consistency from one lesson to another."

Barbara Marotta, Northern Virginia Community College, Woodbridge


Beyond the Numbers exercises ask students to use accounting figures and understand their meaning. Students also learn how accounting 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
- BusinessWeek Activity
- Entrepreneurial Decision
- Global Decision

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

REPORTING IN ACTION

A1 A2 

BTN 2-1 Refer to **Best Buy's** financial statements in Appendix A.

Required

1. What amount of total liabilities does it report for each of the fiscal years ended February 26, 2005?
2. What amount of total assets does it report for each of the fiscal years ended February 26, 2005?
3. Compute its debt ratio for each of the fiscal years ended February 26, 2005.
4. In which fiscal year did it employ more financial leverage (February 26, 2005)? Explain.


...r 1 and continues through most of the chapters. If the Chapter 1 ...m can begin at this point. It is helpful, but not necessary, to use ...is book.)

...Lopez launched a computer services company called Success Systems ...services, computer system installations, and custom program ...lar year for reporting purposes and expects to prepare the com- ...on December 31, 2007. The company's initial chart of accounts

No.	Account	No.
101	A. Lopez, Capital	201

SERIAL PROBLEM

Success Systems

A1 P1 P2 

"The best feature of this book is the use of real (financial) information in the Beyond the Numbers section. This is something that I do on my own, which can be very time consuming. I also like the Entrepreneurial questions, which are not even addressed in most textbooks."

Cindy Navaroli, Chaffey Community College

The End of the Chapter Is Only the Beginning

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



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



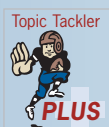
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- Material that receives additional coverage (slide shows, videos, audio, etc.) in Topic Tackler is marked with an icon.

Put Away Your Red Pen

We pride ourselves on the accuracy of this book's assignment materials. Independent research reports that instructors and reviewers point to the accuracy of this book's assignment materials as one of its key competitive advantages.

The authors extend a special thanks to accuracy checkers Barbara Schnathorst, The Write Solution, Inc.; Helen Roybark, Radford University; Beth Woods, CPA, Accuracy Counts; Alice Sineath, Forsyth Technical Community College; Teressa Farough, CPA, and Marilyn Sagrillo, University of Wisconsin - Green Bay.

FAP's revisions are in response to feedback from both instructors and students. Many of these revisions are summarized below. Feedback suggests that *FAP* is the book instructors want to teach from and students want to learn from. Some overall revisions include:

- New multiple choice questions at each chapter-end
- Revised assignments throughout
- New chapter-opening layout
- Updated ratio analyses
- New and revised entrepreneurial elements
- New assignments using chapter openers
- Revised serial problem running through nearly all chapters
- New Circuit City annual report with comparisons to Best Buy, Dixons (UK), and the industry—including new assignments
- New Apple financial statements and assignments

Chapter 1

LoveSac **NEW opener** with new entrepreneurial assignment

Revised, early introduction to financial statements

Enhanced transaction analysis using expanded accounting equation

New material on frauds such as Tyco and WorldCom

Revised illustration and assignments on ethical decisions

New insight on principles-based accounting

New evidence on small businesses

Enhanced materials on Sarbanes-Oxley

New multiple choice questions

Chapter 2

Cake Love **NEW opener** with new entrepreneurial assignment

Enhanced introduction to asset accounts

Streamlined introduction to double-entry accounting

New color layout for transaction analysis

New insight on women entrepreneurs

Revised insight on unearned revenues

New insight on manager pay under Sarbanes-Oxley

Chapter 3

Alienware **NEW opener** with new entrepreneurial assignment

New graphics for prepaid expenses

New graphic for unearned revenues

New insight on gift card sales as unearned revenues

New illustration of accrued revenues

Revised exhibit on accounting adjustments

Enhanced assignments for adjusting entries and ethics

Chapter 4

Betty Rides **NEW opener** with new entrepreneurial assignment

Streamlined exhibit for closing entries

New assignment on aggressive estimates

Streamlined discussion of work sheet

New visual from closing entries to accounts

Chapter 5

CoCaLo **NEW opener** with new entrepreneurial assignment

Enhanced illustration on operating cycle

Revised exhibit on merchandisers' closing entries

Streamlined multi-step income statement

Merchandise work sheet in appendix

Chapter 6

Surf Diva **NEW opener** with new entrepreneurial assignment

Improved exhibit on cost flow assumptions

Updated exhibit on inventory methods

Enhanced illustration on lower of cost or market

Revised serial problem to add LCM

Chapter 7

Ring Masters **NEW opener** with new entrepreneurial assignment

Enhanced diagrams on special journals and ledgers

New assignments on identifying the special journal of entry

Updated enterprise resource planning (ERP)

New insights on Internet frauds and controls

Chapter 8

Raising Cane's Chicken Fingers **NEW opener** with new entrepreneurial assignment

New material on e-commerce, its risks, its controls, and identity theft

New insight on credit card fraud

New illustration on "Hacker" risks

New diagram on controls for over-the-counter cash receipts

Updated data on Internet frauds

New information on check fraud

New data on fees for bank services

Chapter 9

Linditas' **NEW opener** with new entrepreneurial assignment

New explanation of credit and debit cards

Simplified estimation of uncollectibles

New data on PayPal and credit card growth

Enhanced exhibit on aging of receivables

New data on bad debt percentages

Enhanced exhibit on computing maturity date

Chapter 10

Fairytale Brownies **NEW opener** with new entrepreneurial assignment

Revised exhibit on plant asset disposals

Updated data on depreciation methods used

Moved plant asset exchanges to appendix

Updated book for new standard on asset exchanges

New assignments on asset disposals, goodwill, and intangibles

Chapter 11

Wildflower Linen **NEW opener** with new entrepreneurial assignment

New insight on gift card liabilities

Updated IRS tax forms

Updated IRS withholding table

New insight on guaranteed salary liabilities

New insight on extended-warranty contracts

Applied 2006 payroll tax rates throughout

New diagram for contingent liabilities

Chapter 12

Rookie Skateboards **NEW opener** with new entrepreneurial assignment
Enhanced explanation and accounting for limited liability companies
New assignment on limited partnerships
New insight on Broadway partnerships

Chapter 13

Medsite **NEW opener** with new entrepreneurial assignment
Enhanced graphic on equity composition
'Paid-in capital' used in lieu of 'contributed capital'
Moved section on dividends before preferred stock
Streamlined computation of weighted-average shares
Updated and streamlined stock options
New assignments on stock, EPS, and ethics
Moved discontinued and extraordinary items to Chapter 17

Chapter 14

Melton Franchise Systems **NEW opener** with new entrepreneurial assignment
Enhanced exhibit on bond interest computation and entry
Moved debt features to decision analysis section
Streamlined bond-issuing procedures
Moved 'issuing bonds between interest dates' to appendix
Streamlined installment notes
New ratio analysis on debt-to-equity

Chapter 15

TOKYOPOP **NEW opener** with new entrepreneurial assignment
Streamlined and enhanced explanation of investments
New illustration on purchases listed in a foreign currency
New return on assets analysis of Gap

Chapter 16

Ashtae Products **NEW opener** with new entrepreneurial assignment
New diagram on cash effects of changes in current assets and liabilities
Enhanced exhibit on summary adjustments for indirect method

New insight on measuring free cash flow
New assignments on computing operating cash flows, and financing and investing cash flows

Chapter 17

The Motley Fool **REVISED opener** with new entrepreneurial assignment
New horizontal and vertical analysis using Best Buy
Enhanced common-size analysis of Circuit City and Best Buy
New ratio analysis of Best Buy and Circuit City
New debt-to-equity analysis
New appendix on 'sustainable income,' including new requirements for accounting changes
Streamlined intro to comprehensive income

Chapter 18

Garrison Guitars **NEW opener** with new entrepreneurial assignment
New discussion and assignments on manufacturing cycle time and efficiency
Moved unit contribution margin to Chapter 22
New assignments on direct and indirect costs
New assignments on lean manufacturing and operating efficiencies
Enhanced graphics and streamlined discussion of cost flows
Expanded discussion of service businesses and cost controls

Chapter 19

Antelope Valley Medical College **NEW opener** with new entrepreneurial assignment
New insight on target costing
New illustrations and entries for cost flows in a job order system
Enhanced discussion for service businesses
New assignment on Ikea's costing strategy and success

Chapter 20

Duwop **NEW opener** with new entrepreneurial assignment
New discussion on tracking costs in a process operation
New focus on weighted average costing
Moved FIFO costing to appendix

Streamlined process costing illustrations and exhibits
Simplified computation of equivalent units
Streamlined the cost reconciliation and process cost summary

Chapter 21

Jungle Jim's International Market **NEW opener** with new entrepreneurial assignment
Streamlined activity-based costing illustration
Enhanced illustration of performance measurement
New assignment on costing and control of off-site employees

Chapter 22

Chinasprout **NEW opener** with new entrepreneurial assignment
Enhanced illustration and computations for measuring cost behaviors
Expanded explanation and illustration of high-low costing method
New illustration of unit contribution margin
Enhanced illustration of contribution margin income statement
New assignments on cost behavior estimation, and on cost, profits, and product giveaways

Chapter 23

Cloudveil **NEW opener** with new entrepreneurial assignment
Enhanced section on budgeted financial reports
New assignment on benefits of budgeting for startups

Chapter 24

Under Armour **NEW opener** with new entrepreneurial assignment
Enhanced explanation of flexible budgets
Streamlined overhead cost variance analysis
Enhanced budgeting for service businesses

Chapter 25

Progressive Telecom **NEW opener** with new entrepreneurial assignment
Enhanced explanation of depreciation and cash flow
Simplified selected present value calculations
Expanded applications to service businesses



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ISBN10: 0073266531

Prepared by Jeannie Folk, College of DuPage.

See page xvii for complete description.

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The authors and book team wish to thank Marilyn Sagrillo for her excellent contributions.

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Acknowledgments

John J. Wild, Kermit D. Larson, Barbara Chiappetta, and McGraw-Hill/Irwin would like to recognize the following instructors for their valuable feedback and involvement in the development of *Fundamental Accounting Principles* 18e. We are thankful for their suggestions, counsel, and encouragement.

Matilda Abavana, Essex County College	Jim Crowther, Kirkwood Community College	Heidi Hansel, Kirkwood Community College
Janet Adeyiga, Hampton University	Patricia Davis, Keystone College	James Hansen, Minnesota State University
Lelia Austin, Lake City Community College	Lee Daugherty, Lorain County Community College	Jeannie Harrington, Middle Tennessee State University
Mazen Badra, Sanford-Brown College	Thomas W. DeBerry, North Georgia College and State University	William Harvey, Henry Ford Community College
Thomas Badley, Baker College of Port Huron	Andrea Deebach, Lake Washington Technical College	Yvonne Hatami, Boro of Manhattan Community College
Joyce Barden, DeVry University	Joan H. Demko, Wor-Wic Community College	Laurie Hays, Western Michigan University
Scott Barhight, Northampton Community College	Linda Dening, Jefferson Community College	Ken Heaslip, Kean State University
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Mary Barnum, Grand Rapids Community College	Jack Dodds, Des Moines Area Community College	Geoffrey Heriot, Greenville Technical Community College
Cheryl Baron, Ridgewater College	Patricia Doherty, Old Dominion University	Bernie Hill, Spokane Community College
Dan Bayak, Northampton Community College	Alex Dontoh, New York University	Kathy Hill, Leeward Community College
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Irene Bembenista, Davenport University	Andy Dressler, Walla Walla College	Richard Hudanick, Sanford Brown College
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Earl Butler, Broward Community College North	Tesfa G. Gebremedhin, West Virginia University	Chula King, University of West Florida
Paula Campbell, United Education Institute	Harold Gellis, York College	Debra Kiss, Davenport University
Ronald L. Campbell, North Carolina A&T State University	Barbara Gershowitz, Nashville State Community College	Jay Klein, Florida Metropolitan University
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Teri Meta, Seminole Community College - Sanford	Paul Rivers, Bunker Hill Community College	Patricia Walczak, Lansing Community College
James E. Miller, Gannon University	Frank Rodjius, Northwestern University	Kenton Walker, University of Wyoming
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	Verlindsey Stewart, J.F. Drake State Technical	Charlie Zaruba, Florida Metropolitan University
	Bill Stibrany, Allentown Business School	

In addition to the helpful and generous colleagues listed above, we thank the entire McGraw-Hill/Irwin *Fundamental Accounting Principles* 18e team, including Stewart Mattson, Steve Schuetz, Kelly Odom, Lori Koettters, Matthew Baldwin, Michael McCormick, Becky Szura, and Elizabeth Mavetz. We also thank the great marketing and sales support staff, including Krista Bettino, Dan Silverburg, and Liz Farina. Many talented educators and professionals worked hard to create the supplements for this book, and for their efforts we're grateful. Finally, many more people we either did not meet or whose efforts we did not personally witness nevertheless helped to make this book everything that it is, and we thank them all.

John J. Wild Kermit D. Larson Barbara Chiappetta

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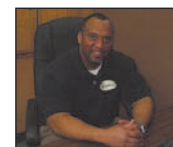
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