

2017 UPDATE

SECOND EDITION

INTERMEDIATE ACCOUNTING

REPORTING & ANALYSIS

WAHLEN | JONES | PAGACH



Content Included:

 **ROGER** | CPA Review

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SECOND EDITION, 2017 UPDATE

INTERMEDIATE ACCOUNTING

REPORTING AND ANALYSIS

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Intermediate Accounting: Reporting and Analysis, 2E, 2017 update**James M. Wahlen, Jefferson P. Jones and Donald P. Pagach**Vice President, General Manager, Science,
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For our students,

With thanks for permitting us to take the journey with you

For Loren Nikolai and John Bazley,

With thanks for allowing us the privilege to carry on their legacy of teaching through this book

For our families, with love,

Debbie, Jessica, Jaymie, Melaney, Parker, Morgan, Elisabeth, Graham, Olivia, and Luke

Three handwritten signatures in cursive script, reading from left to right: "Jim", "John", and "Don".

SET COURSE EXPECTATIONS AND GUIDE STUDENTS TO SUCCESS!

Many students come to intermediate accounting with an unrealistic idea of what the course entails. Students are often surprised by both the brisk pace of the course and the necessary amount of time they need to spend outside of class working through homework assignments.

CengageNOWv2 Start-Up Center

The CengageNOWv2 **Start-Up Center** will help students identify what they need to do and where they need to focus in order to be successful with a variety of brand new resources.

What Is Accounting, this section includes an:

- Introduction to Accounting
- Success Strategies

Accounting Review Module, designed to help students refresh their understanding of basic accounting skills, including:

- Accounting equation
- Rules of debits and credits
- Journal entries and posting
- Adjusting entries—accruals and deferrals
- Financial statements
- Time value of money
- And more

NEW How to Use CengageNOWv2 Module allows students to focus on learning accounting, not on a particular software system. Quickly familiarize your students with CengageNOWv2 and direct them to all of its built-in student resources.

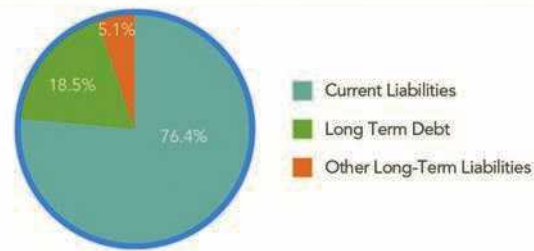
SEE WHY IT MATTERS!

Positive Business-Focused Context

Intermediate Accounting 2e infuses context by using Starbucks as a running case and draws on other identifiable companies to help students understand why accounting information is important to a company and what implications this information will have for financial statement users. Other, highly recognizable companies provide additional context.

A Risky Proposition

In order to determine if they should provide resources to a company, investors and creditors analyze the risk involved. Financial statement information relating to current liabilities and contingent obligations is particularly useful in the analysis of a company's liquidity, financial flexibility, and credit risk. To assess a company's liquidity, which represents the company's ability to meet its short-term obligations, financial statement users will examine the relationship between a company's current assets and its current liabilities. Starbucks's current liabilities, which represent obligations to employees, suppliers, and other short-term creditors, make up approximately 76% of the company's total liabilities as of the end of fiscal year 2013, as shown below.



Real Report 9.3 is an excerpt of General Mills's balance sheets showing how it reports its current liabilities along with the related note to the financial statements. This disclosure is representative of the reporting techniques used by most large companies.

REAL REPORT		DISCLOSURE OF CURRENT LIABILITIES		9.3
General Mills, Inc. Balance Sheet (in part)				
		May 26, 2013	May 27, 2012	General Mills, Inc.
<i>(millions of dollars)</i>				
Liabilities (in part)				
Current Liabilities:				
Accounts payable		\$1,423.2	\$1,148.9	
Current portion of long-term debt		1,443.3	741.2	
Notes payable		599.7	526.5	
Other current liabilities		1,827.7	1,426.6	
Total current liabilities		\$5,293.9	\$3,843.2	

Notes to Consolidated Financial Statements (in part)

8.1	ABERCROMBIE & FITCH'S INVENTORY DISCLOSURE	REAL REPORT
Abercrombie & Fitch		
Notes to the Financial Statements (in part)		
Note 3: Summary of Significant Accounting Policies (in part)		
Inventories.		
Inventories are principally valued at the lower of cost or market on a weighted average basis. The Company writes down inventory through a lower of cost or market adjustment, the impact of which is reflected in cost of goods sold in the Consolidated Statements of Operations and Comprehensive Income. This adjustment is based on management's judgment regarding future demand and market conditions and analysis of historical experience. The lower of cost or market adjustment to inventory as of February 2, 2013, January 28, 2012, and January 29, 2011 was \$9.9 million, \$13.0 million, and \$10.2 million, respectively.		
Questions:		
1. What method does Abercrombie & Fitch use to value its inventory?		
2. What is the amount of inventory write-downs for the fiscal year ending on February 2, 2013?		
3. Does Abercrombie & Fitch record inventory write-downs using the direct or allowance method?		

Suggested answers to these questions are found at the end of the chapter.

Real Reports

Real Reports allow students to interact with actual annual report excerpts, analyze them, and apply what they have learned by answering the corresponding questions. Students have the ability to practice activities they will encounter in the real world as they sharpen analytical skills.

EXPOSE STUDENTS TO CONCEPTS BEFORE CLASS BEGINS!

MOTIVATION



The Adaptive Study Plan is assignable/gradable in CengageNOWv2 and available for self-study and review.

Students don't want to waste time going over concepts that they have already mastered. With the NEW Adaptive Study Plan, they can focus on learning new topics and fully understanding difficult concepts.

Adaptive Study Plan **NEW!**

The Adaptive Study Plan in CengageNOWv2 is an assignable/gradable study center that adapts to each student's unique needs and provides a remediation pathway to keep students progressing.



How does it work?

Step 1: Students take a chapter-level quiz consisting of questions that cover both conceptual and procedural aspects of the chapter.

Step 2: Students receive feedback for each answer option explaining why the answer is right or wrong.

Step 3: Based on the quiz results, students are provided a remediation path that includes media assets and algorithmic practice problems to help them improve their understanding of the course material.

Instructors may use prerequisites that require students to achieve mastery in the Adaptive Study Plan before moving on to new material.

The new Adaptive Study Plan offers the benefit of customization coupled with remediation.

– Jennifer Schneider, professor at University of North Georgia

NEW FEATURES SHOW STUDENTS HOW TO APPLY WHAT THEY LEARN!

Video: Tell Me More NEW!

Tell Me More activities explain the core concepts of the chapter through an assignable/gradable presentation that is ideal for all class formats—flipped model, online, hybrid, face-to-face.

Prepaid Insurance

- The debit balance of \$2,400 in NetSolutions' prepaid insurance account represents the December 1 prepayment of insurance for 12 months.

Dec.	31	Insurance Expense	55	200	
		Prepaid Insurance	15		200
		Insurance expired (\$2,400 ÷ 12).			

Accounting Equation Impact

Assets		=	Liabilities	+	Owner's Equity (Expense)
Prepaid Insurance	15			increase	Insurance Expense
Bal.	2,400				Dec. 31
Adj. Bal.	2,200		decrease		200

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Tell Me More activities for every Learning Objective are assignable/gradable in CengageNOWv2 and available for self-study and review.

The best way to learn accounting is through practice, but students often get stuck when attempting homework assignments on their own.

E4-3 Shareholders' Equity The following are several of Graf Corporation's accounts at the end of 2016:

LO 4.3

Account	Credit Balance
Common Stock, \$10 par	\$ 47,100
Bonds Payable (due 2017)	126,000
Additional Paid-in Capital on Preferred Stock	39,600
Retained Earnings	209,000
Premium on Bonds Payable	12,300
Unearned Rent	4,800
Preferred Stock, \$100 par	65,400
Additional Paid-in Capital on Common Stock	53,900
Unfunded Accrued Pension Cost	18,400
Treasury Stock (cost)	(7,600) debit
Accumulated Other Comprehensive Income	8,200

Required:
Prepare the shareholders' equity section of Graf's 2016 ending balance sheet.

Video: Show Me How NEW!

Created for the most frequently assigned end-of-chapter items, NEW Show Me How problem demonstration videos provide a step-by-step model of a similar problem. Embedded tips and warnings help students avoid common mistakes and pitfalls.

Show Me How videos are linked to assignments in CengageNOWv2 and available for self-study and review.

CLOSE THE GAP BETWEEN HOMEWORK AND EXAM PERFORMANCE!

APPLICATION



Good tool to make students understand concepts without overly relying on technology's help.

– Ramesh Narasimhan, professor at Montclair State University

I like it because it appears to bridge the gap between the homework and my exam.

– Lawrence Chui, professor at University of St. Thomas

This will minimize students' complaints about how the exam looks different from the homework format.

– Rama Ramamurthy, professor at Georgetown University

Many students perform well on homework but struggle when it comes to exams. Now, with the new Blank Sheet of Paper Experience, students must problem-solve on their own, just as they would if taking a test on a blank sheet of paper.

Blank Sheet of Paper Experience **NEW!**

A less-leading Blank Sheet of Paper Experience discourages overreliance on the system.

- The use of drop-down menus and Smart Entry (type-ahead) has been eliminated.
- Students must refer to the Chart of Accounts and decide for themselves what account is impacted.
- The number of accounts in each transaction is not given away.
- Whether the account should be debited or credited is not given away.
- Transactions may be entered in any order (as long as the entries are correct).
- Check My Work Feedback only reports on what students have actually attempted, which prevents students from “guessing” their way through the assignment.

The screenshot displays two side-by-side windows from the CengageNOWv2 software. The left window, titled 'Chart of Accounts', shows a hierarchical list of accounts for 'Bamboo Consulting' under the 'General Ledger'. The accounts are categorized into ASSETS, REVENUE, EXPENSES, LIABILITIES, and EQUITY. The right window, titled 'Journal', contains a table for recording transactions. The table has columns for DATE, DESCRIPTION, POST. REF., DEBIT, CREDIT, and a column for line numbers. The first three rows of the table are populated with data: Row 1: Jul 11, Office Equipment, 10,000.00, 1; Row 2: Note Payable, 8,000.00, 2; Row 3: Cash, 2,000.00, 3. A mouse cursor is visible over the 'CASH' entry in the third row.

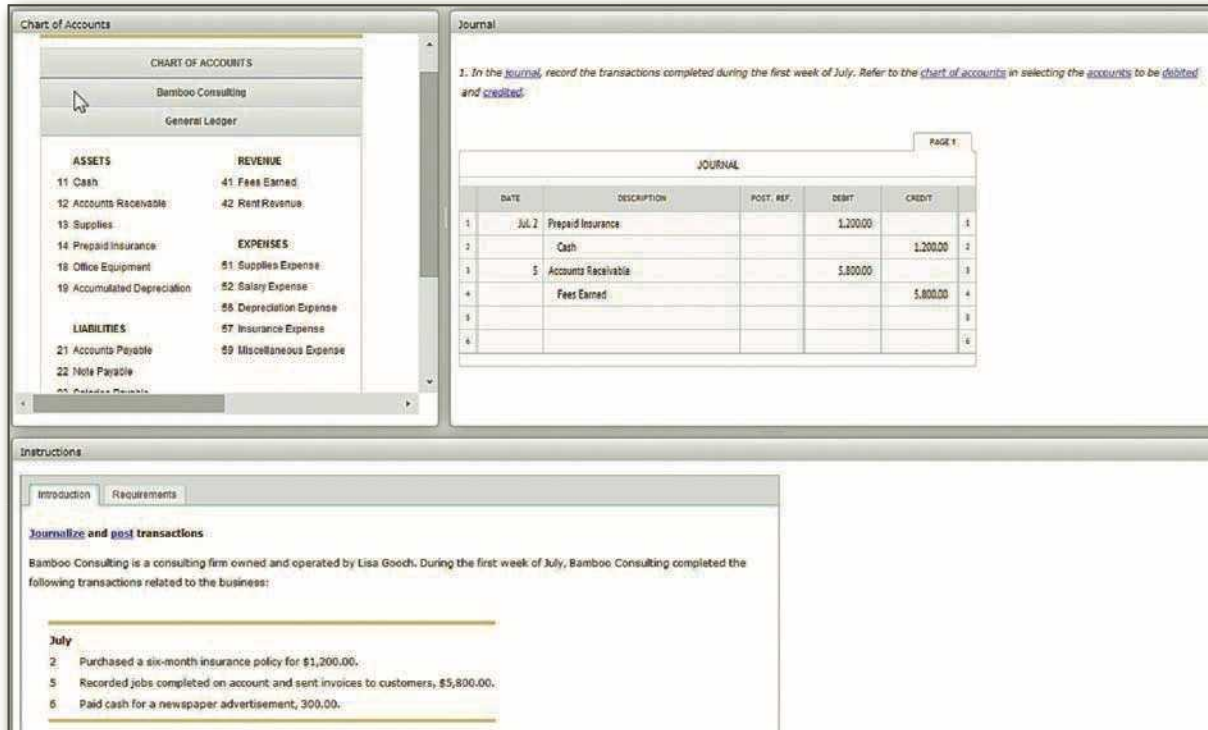
Check it out! Visit cnovv2demo.cengage.com for an interactive demo.

HELP STUDENTS MAKE CONNECTIONS AND SEE THE BIG PICTURE!

Homework software should not get in the way of learning. One of the biggest complaints students have about online homework is the scrolling, which prevents students from seeing the big picture and understanding the accounting system. The new Multi-Panel View addresses this issue and enhances student learning.



APPLICATION



Multi-Panel View **NEW!**

The NEW Multi-Panel View in CengageNOWv2 enables students to see all the elements of a problem on one screen.

- Students make connections and see the tasks as connected components in the accounting process.
- Dramatically reduced scrolling eliminates student frustration.

With the ability to move and resize journals, ledgers, forms, and financial statements, it is easier to navigate the problem and understand the accounting system.

This is just a lot better and less confusing than scrolling up and down. . . . Having it like that would make it much easier—not so much scrolling and it wouldn't be so confusing.

– Tyler Mason, student at Northern Essex Community College

Multi-Panel View makes it much easier for students to see how each piece of the accounting cycle impacts the other pieces. Having it all in one view reduces student frustration and gives them a clearer picture of the complete accounting cycle.

– Kristen Quinn, professor at Northern Essex Community College

CLOSE THE GAP BETWEEN HOMEWORK AND EXAM PERFORMANCE!

APPLICATION

Students often complete homework at odd times. And when they use CengageNOWv2, they get help right when they need it.



Adaptive Feedback **NEW!**

Adaptive Feedback in CengageNOWv2 responds to students based upon their unique answers and alerts them to the type of error they have made without giving away the answer.

The screenshot shows a journal entry table with the following data:

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT
Jul. 11	Office Equipment		10,000.00	
	Cash			8,000.00
	Note Payable			2,000.00

Below the table is a feedback panel titled "Check My Work" with the following text:

Identify which accounts are affected in each transaction. Keep in mind that every transaction involves at least two accounts. Determine whether the account increases or decreases and record each increase or decrease following the rules of debit and credit. Use the Posting Reference column to enter the corresponding account number from the general ledger account. Remember total debits should equal total credits in your entries.

Below the feedback panel are links for Learning Objective 1, Learning Objective 2, and Learning Objective 3.

The screenshot shows a journal entry table with the following data:

DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT
Jul. 11	Office Equipment		10,000.00	
	Cash			8,000.00
	Note Payable			2,000.00

A feedback tooltip is displayed over the "Note Payable" entry, containing the following text:

There is a minor spelling error in the account title. You will be graded as if you had entered "Note Payable."

Below the tooltip is a "Line" section with the following text:

- The amount for this account is incorrect, although you've entered the amount in the correct column. [-2]

In addition to groundbreaking, adaptive feedback, CengageNOWv2 continues to provide multiple layers of guidance to keep students on track and progressing.

- **Check My Work Feedback** provides general guidance and hints as students work through homework assignments.
- **NEW Check My Work Feedback** in CengageNOWv2 now only reports on what students have actually attempted, which prevents them from "guessing" their way through assignments.
- **Explanations** are available after the assignment has been submitted and provide a detailed description of how to arrive at the solution.

I like the adaptive feedback. It will reduce a number of errors that cause students to give up.

– Kevin Jones, professor at Drexel University

Excellent! Often learning from feedback is more powerful than learning from the instructor, text, etc.

– Lisa Brown, professor at Indiana Institute of Technology

Check it out! Visit cnovv2demo.cengage.com for an interactive demo.

KEEP STUDENTS ON TRACK AND PROGRESSING!

The best way to learn accounting is through practice, but students often get stuck when attempting homework assignments on their own.

Adjusting Entry for Prepaid Insurance

The balance in the prepaid insurance account, before adjustment at the end of the year, is \$21,700. Journalize the adjusting entry required under each of the following alternatives for determining the amount of the adjustment: (a) the amount of insurance expired during the year is \$16,450 (b) the amount of unexpired insurance applicable to future periods is \$5,250.

Journal					
Date	Description	Post. Ref.	Debit	Credit	
Dec. 31	Insurance Expense		16,450		
	Prepaid Insurance			16,450	
	Insurance expired.				

Assets		=	Liabilities	+	Owner's Equity (Expense)
Prepaid Insurance					Insurance Expense
Bal.	21,700				Dec. 31
	Dec. 31				16,450
	16,450				

Video: Show Me How **NEW!**

Created for the most frequently assigned end-of-chapter items, NEW Show Me How problem demonstration videos provide a step-by-step model of a similar problem. Embedded tips and warnings help students avoid common mistakes and pitfalls.

APPLICATION

Show Me How videos are linked to assignments in CengageNOWv2 and available for self-study and review.

Got It?

A helpful "Got It?" series of questions appears after coverage of each Learning Objectives to confirm students understand the material presented and are ready to continue in the chapter. Students have the opportunity to spend additional time reviewing and mastering a concept before moving ahead. In addition, these questions can now be assigned within CNOWv2 and provide instructors with open ended questions that will allow their students an opportunity to dive deeper into various concepts and topics associated with their Intermediate Accounting course.

GOT IT?

- 8-10 What is the necessary condition for the retail inventory method to provide valid results?
- 8-11 Explain the meaning of the following terms: markup, additional markup, markup cancellation, net additional markup, markdown, markdown cancellation, and net markdown.
- 8-12 Describe how a company computes the cost-to-retail ratio for the following cost flow assumptions: FIFO, average cost, LIFO, and lower of average cost or market. Why do the different methods approximate each cost flow assumption?
- 8-13 What assumptions are necessary for the lower of cost or market retail inventory method to actually produce an inventory value equal to the lower of average cost or market?
- 8-14 The retail inventory method indicated an inventory value of \$80,000. A physical inventory indicated a value of \$70,000. Suggest possible causes of this discrepancy.

Roger CPA Review

Student Access to CPA Exam Questions. With the purchase of this textbook, students receive exclusive access to Roger CPA Review (rogerCPAreview.com). Roger CPA review questions are also available in the Instructor's Resource Center, as well as assignable content in CengageNOW.



HELP STUDENTS GO BEYOND MEMORIZATION TO TRUE UNDERSTANDING!

MASTERY

Review Center

An all-new Review Center at the end of each chapter summarize all major concepts from the chapter at a glance. These timely Review Centers condense and summarize review material for each Learning Objective. These review features also present Key Terms and Key Calculations grouped by Learning Objective for quick review. This at-a-glance resource saves students time and allows them to find chapter highlights in one consistent, easy-to-locate place in each chapter.

REVIEW CENTER

At the beginning of the chapter, we discussed how the analysis of a company's current liabilities and contingencies helps financial statement users assess the liquidity, financial flexibility, and credit risk of a company. We also identified several objectives you would accomplish after reading the chapter. The objectives are listed below and followed by a brief summary of the key points.

LEARNING OBJECTIVE 9.1
Explain the characteristics of a liability.

KEY TAKEAWAYS

- The characteristics of a liability are that:
 - It must involve a present obligation, which may or may not be legally enforceable, that will be settled by a probable future sacrifice involving the transfer of assets, provision of services, or other use of assets at a specified or determinable date.
 - The company has little or no discretion to avoid the future sacrifice of economic benefits.
 - The transaction, event, or arrangement obligating the company has already happened.

KEY TERMS
equitable and constructive liabilities, p. 9-3; legal liabilities, p. 9-3

LEARNING OBJECTIVE 9.2
Describe the nature, classification, and valuation of current liabilities.

KEY TAKEAWAYS

- Current liabilities are obligations that are due within one year from the balance sheet date. Reporting current liabilities on the balance sheet provides insights into a company's liquidity and financial flexibility and is useful in assessing a company's future cash flows.

E6-8 **Estimation versus Direct Write-Off of Bad Debts** Blunt Company makes credit sales of \$21,000 during the month of February 2016. During 2016, collections are received on February sales of \$20,400, accounts representing \$600 of these sales are written off as uncollectible, and a \$100 account previously written off is collected.

IO 6.5

Required:

- Prepare the journal entries necessary to record the preceding information if (a) bad debts are estimated as 3% of credit sales at the time of sale and (b) the bad debts are recorded as they actually occur.
- Next Level** Which method—recording bad debts at the time of sale or when they actually occur—is preferred? Why?

Starbucks Annual Report

The Starbucks continuing thread case integrates actual financial information throughout the book. Students are motivated and engaged by the integration of the real financial information and business strategy of Starbucks in discussions and examples throughout this edition. Specific end-of-chapter applications demonstrate how a wide variety of accounting concepts apply to a single company. In addition, excerpts from their annual report can be found as Appendix A in the back of the text.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended September 27, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number: 0-20322

Starbucks Corporation
(Exact Name of Registrant as Specified in its Charter)



ONLINE SOLUTIONS

CengageNOWv2 is a powerful course management and online homework resource that provides control and customization to optimize the student learning experience. Included are many proven resources such as algorithmic activities, test bank, course management tools, reporting and assessment options, and much more.



Recent CengageNOW Enhancements **NEW!**

- **Refreshed Design:** This refreshed look will help you and your students focus easily and quickly on what is important, while maintaining the same functionality that CengageNOW users know and love.
- **Integration with Popular Learning Management Systems:** Single login, deep linking, and grade return! (Check with your local Learning Consultant for more details!)
- **Upload Files Capability:** You can now upload files in CengageNOW for student use—including videos, Excel files, Word files, and more.
- **Email Instructor Feature:** Students can now send you a screenshot of the question they are working on directly through CengageNOW and ask specific questions about where they are stuck.
- **Better Date Management:** When modifying assignment due dates for a whole course, the system will now automatically adjust due dates based on a new start date, making it easier to reuse a course from one term to the next and adjust for snow days.
- **Streamlined Assignment Creation Process:** A simplified and streamlined Assignment Creation process allows instructors to quickly set up and manage assignments from a single page!
- **New Report Options:** New reporting options allow you to get better reports on your students' progress.
- **New Student Registration Process:** When you create a course, a URL will be generated that will automatically take students right into the instructor's course without them having to enter the course key!



MindTap eReader

The MindTap eReader for Wahlen/Jones/Pagach's *Intermediate Accounting 2e* is the most robust digital reading experience available. Hallmark features include:

- Fully optimized for the iPad.
- Note taking, highlighting, and more.
- Embedded digital media such as Dynamic Exhibits.

The MindTap eReader also features ReadSpeaker®, an online text-to-speech application that vocalizes, or “speech-enables,” online educational content. This feature is ideally suited for both instructors and learners who would like to listen to content instead of (or in addition to) reading it.



NEW TO THIS EDITION

New! Updated Coverage of Revenue Recognition and Investments, and Starbucks' 2015 Financial Statements

Intermediate Accounting 2e Update is completely updated to address both the new standard for recognizing revenue and the new investments standard. The revenue standard provides a robust framework for addressing revenue recognition issues and will replace almost all existing revenue recognition guidance. The authors have updated and revised all of the material that is impacted by this important new standard. While the most significant changes are seen throughout Chapter 17, Advanced Issues in Revenue Recognition, the authors have updated almost every chapter to incorporate the new standard. The investment standard primarily affects the classification and measurement of minority passive investments in equity securities. Under this standard, all equity investments will generally be measured at fair value with changes in fair value reported through earnings. The effects of this standard have the greatest impact in Chapter 13.

The authors have also updated all of the discussion in each Chapter to include Starbucks' 2015 financial statements, to make accounting come to life for students. In addition to the many new digital assets created for this edition of *Intermediate Accounting*, the textbook content itself has also been thoroughly revised.

In all chapters, the following improvements have been made:

- The new “Got It?” feature is a quick check at the end of each section that allows students to immediately check their comprehension of a topic before moving on.
- At the end of each chapter, a new “Review Center” collects the most important highlights from the chapter in one place, letting students see at a glance the key takeaways, terms, and formulas for each learning objective.

Chapter 1

- Updated discussion of the FASB and IASB efforts toward convergence, including the completed projects and the projects that may not achieve convergence

Chapter 2

- Updated discussion of the FASB's Conceptual Framework

Chapter 3

- More effective presentation of the accounting equation and the double-entry system of accounting
- A more streamlined presentation of the accounting cycle

Chapter 4

- Updated presentation of Starbucks's most recent balance sheets, including balance-sheet-based ratios analysis

Chapter 5

- Updated discussion of the new revenue recognition principles
- Updated discussion of the statement of comprehensive income
- Updated presentation of Starbucks's most recent income statements, including ratios analysis
- Removed discussion of extraordinary items due to its elimination from GAAP as part of the FASB's Simplification Initiative.

Chapter 6

- Updated the sales discounts, trade discounts, and sales returns and allowances discussion (as well as any related end-of-chapter material) for accuracy with the new revenue recognition standard

Chapter 7

- Added new example journal entries for alternative inventory systems (Example 7.1)

Chapter 8

- Updated coverage of the lower of cost or market rule to reflect changes as part of the FASB's Simplification Initiative.

Chapter 9

- New example for recording deposits (as well as additional end-of-chapter material)
- Updated warranty discussion (as well as any related end-of-chapter material) for accuracy with the revenue recognition standard
- New example for recording coupons and cash rebates

Chapter 10

- New Why It Matters feature that compares Verizon with AT&T
- Added new end-of-chapter material related to asset retirement obligations

Chapter 13

- Updated coverage reflect current FASB decisions regarding the classification, measurement, and impairment of investments

Chapter 14

- Updated coverage of debt issuance costs to reflect changes made as part of the FASB's Simplification Initiative.

Chapter 16

- Additional discussion of noncontrolling interests

Chapter 17

- Entirely new coverage of revenue from contracts with customers
- Multiple examples related to each step of revenue recognition
- New end-of-chapter multiple-choice, review exercises, exercises, problems, and cases

Chapter 18

- New chapter organization to better focus on interperiod income tax allocation
- Improved discussion of permanent differences
- Updated coverage of classification of deferred taxes to reflect changes made as part of the FASB's Simplification Initiative.

Chapter 19

- Revised organization to aid understanding of defined benefit pension plans

Chapter 20

- Updated discussion of current FASB lease exposure draft
- Improved organization of chapter examples to improve student learning

Chapter 21

- Revised and improved opening vignette and improved chapter examples
- New organization to improve discussion of the direct and indirect methods

ABOUT THE AUTHORS

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James M. Wahlen is the James R. Hodge Chair, Professor of Accounting, Chairman of the Accounting Department, and the former Chairman of the MBA Program at the Kelley School of Business at Indiana University. He received his Ph.D. from the University of Michigan and has served on the faculties of the University of North Carolina at Chapel Hill, the University of Chicago, INSEAD, the University of Washington, and Pacific Lutheran University. Professor Wahlen's teaching and research interests focus on financial accounting, financial statement analysis, and the capital markets. His research investigates earnings quality and earnings management, earnings volatility as an indicator of risk, fair value accounting for financial instruments, accounting for loss reserve estimates by banks and insurers, stock market efficiency with respect to accounting information, and testing the extent to which future stock returns can be predicted with earnings and other financial statement information. His research has been published in a wide array of academic and practitioner journals in accounting and finance. He has had public accounting experience in both Milwaukee and Seattle and is a member of the American Accounting Association. He has received numerous teaching awards during his career. Professor Wahlen is also a coauthor of *Financial Reporting, Financial Statement Analysis, and Valuation: A Strategic Perspective*. In his free time, he loves outdoor sports (biking, hiking, skiing, golf), spending time with his adorable granddaughter, Ailsa, cooking (and, of course, eating), and listening to rock music (especially if it is loud and live).

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INSTRUCTOR RESOURCES

Solutions Manual

Author-written and carefully verified multiple times to ensure accuracy and consistency with the text, the Solutions Manual contains answers to the Got It? questions, Multiple-Choice questions, Review Exercises, Exercises, Problems, Cases, and Using Codification questions that appear in the text. These solutions help you easily plan, assign, and efficiently grade assignments.

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- **Flashcards:** Students can prepare with these flashcards, which cover the key terms and definitions they need to know for each chapter.
- **Beat the Clock and Quiz Bowl:** These interactive games are a fun way for students to strengthen their understanding of the key terms used throughout the book.



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