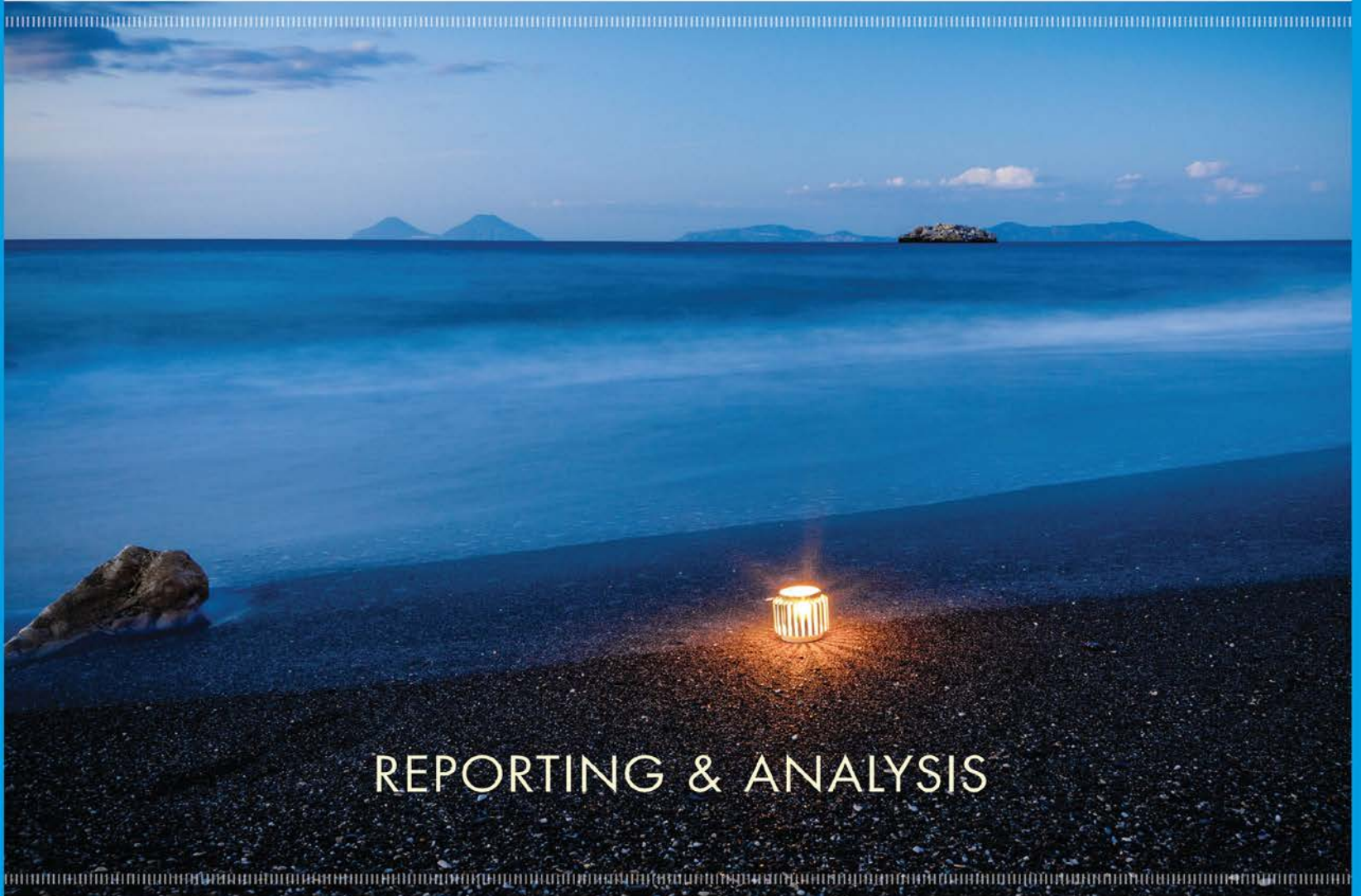


# INTERMEDIATE

THIRD EDITION

# ACCOUNTING



REPORTING & ANALYSIS

WAHLEN | JONES | PAGACH








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THIRD EDITION

# INTERMEDIATE ACCOUNTING

REPORTING AND ANALYSIS

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***Intermediate Accounting: Reporting and Analysis, 3E*****James M. Wahlen, Jefferson P. Jones and Donald P. Pagach**Senior Vice President, Higher Ed Product,  
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**For our students,**  
with thanks for permitting us to take the journey with you

**For our colleagues who use this book,**  
with thanks for allowing us the privilege to contribute to your noble efforts to teach your students

**For our families, with love,**  
Debbie, Jessica, and Ailsa, Jaymie and Aaron, Melaney, Parker, Morgan, Elisabeth, Graham,  
Olivia, and Luke

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

# SET COURSE EXPECTATIONS AND GUIDE STUDENTS TO SUCCESS!

## MOTIVATION

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

### **CengageNOWv2 Start-Up Center**

The CengageNOWv2 Start-Up Center provides a variety of resources that help students identify areas where they need more practice and attention so that they know where they need to focus in order to be successful.

**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

**How to Use CengageNOWv2 Module** quickly familiarizes your students with CengageNOWv2 and directs them to all of its built-in student resources. This allows students to focus on learning accounting, not learning a particular software system.

# SEE WHY IT MATTERS!

## Positive Business-Focused Context

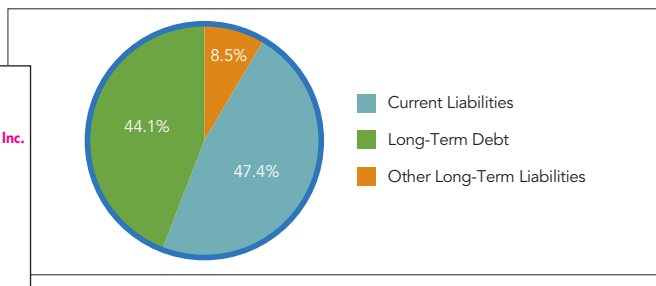
*Intermediate Accounting 3e* takes a positive focus by emphasizing in each chapter how accounting information helps people make important decisions about companies. This positive focus helps students appreciate why good accounting information is so important to decision makers. The text also infuses real-world context by using Starbucks as a running case in each chapter. The text also uses other highly recognizable companies as examples to provide additional context on the importance of accounting information for business decisions.

## 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 47% of the company's total liabilities as of the end of fiscal year 2017, as shown below.

REAL REPORT		DISCLOSURE OF CURRENT LIABILITIES		9.3
General Mills, Inc. General Mills, Inc. Balance Sheet (in part)				
(millions of dollars)	May 28, 2017	May 29, 2016		
Liabilities (in part)				
Current Liabilities:				
Accounts payable	\$2,119.8	\$2,046.5		
Current portion of long-term debt	604.7	1,103.4		
Notes payable	1,234.1	269.8		
Other current liabilities	1,372.2	1,595.0		
Total current liabilities	\$5,330.8	\$5,014.7		

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 2: Summary of Significant Accounting Policies (in part)		
Inventories		
Inventories on the Consolidated Balance Sheets are valued at the lower of cost or net realizable value on a weighted average cost basis. The Company reduces the carrying value of inventory through a lower of cost or net realizable value adjustment, the impact of which is reflected in cost of sales, exclusive of depreciation and amortization, in the Consolidated Statements of Operations and Comprehensive Income (Loss). The lower of cost or net realizable value adjustment is based on the Company's consideration of multiple factors and assumptions, including demand forecasts, current sales volume, expected sell-off activity, composition and aging of inventory, historical recoverability experience, and risk of obsolescence from changes in economic conditions or customer preferences.		
Note 4: Inventories (in part)		
Inventories consisted of (in thousands):		
	February 3, 2018	January 28, 2017
Inventories at original cost	\$ 446,539	\$ 425,807
Less: Lower of cost and net realizable value adjustment	(13,362)	(18,402)
Less: Shrink estimate	(8,804)	(7,610)
Inventories	\$ 424,393	\$ 399,795

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

**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 3, 2018?
3. Does Abercrombie & Fitch record inventory write-downs using the direct or allowance method?

## 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

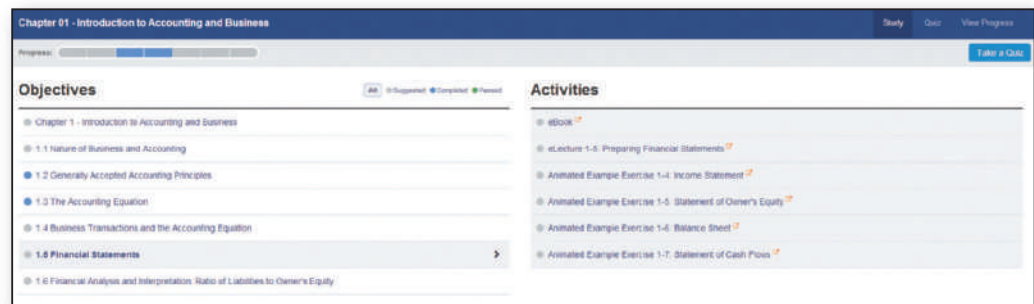


*The Adaptive Study Plan is assignable/gradable in CengageNOWv2 and available for self-study and review.*

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

### Adaptive Study Plan

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*

# EDUCATION VIDEOS SHOW STUDENTS HOW TO APPLY WHAT THEY LEARN!

## Video: Tell Me More

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

**Accounting Equation Impact**

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

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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 2019:

**LO 4.3**

Account	Credit Balance
Common Stock, \$10 par	\$ 47,100
Bonds Payable (due 2020)	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 2019 ending balance sheet.

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

## Video: Show Me How

Created for the most frequently assigned end-of-chapter items, 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.

# 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.*

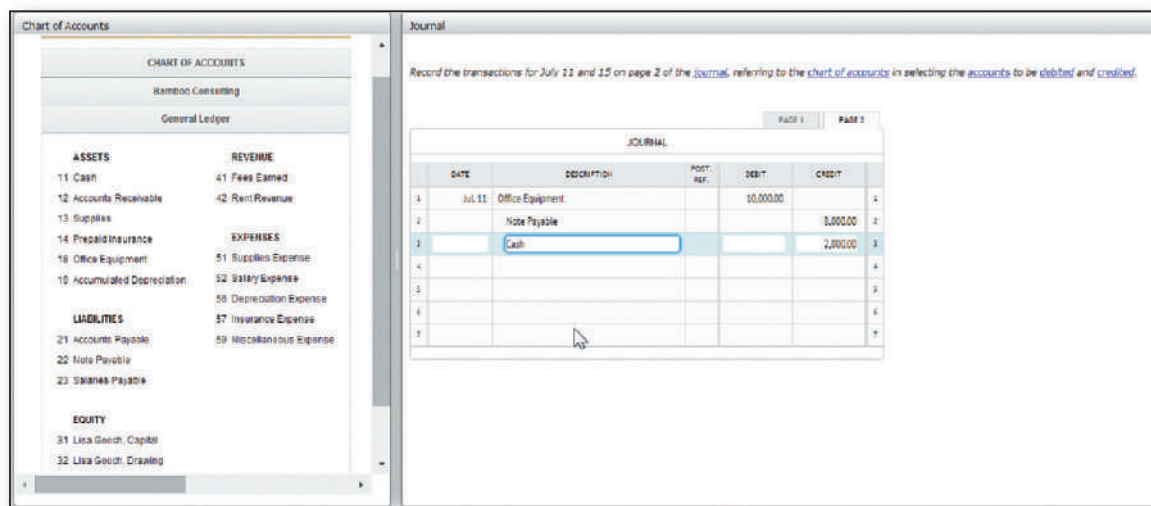
*– Rama Ramamurthy, professor at Georgetown University*

Many students perform well on homework but struggle when it comes to exams. With the 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

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.



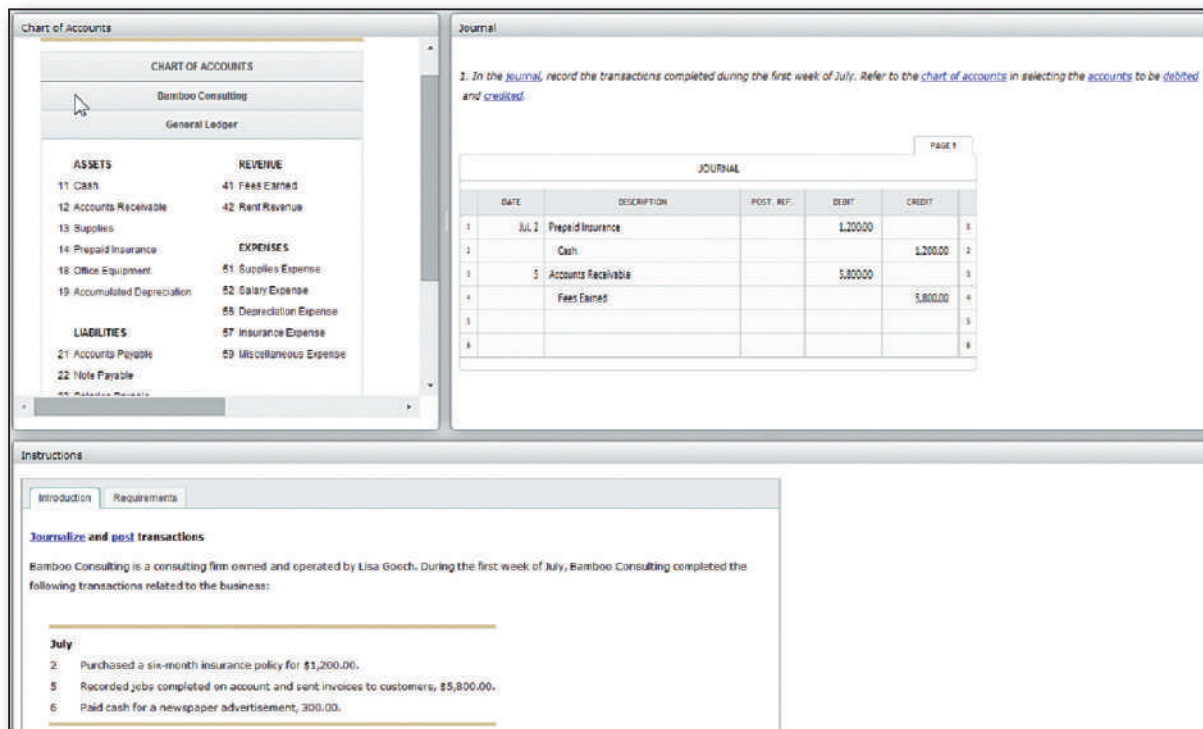
Check it out! Visit [cnovv2demo.cengage.com](http://cnovv2demo.cengage.com) for an interactive demo.

# 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

The 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

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.

PAGE 1		PAGE 2					
JOURNAL						Score: 33/138	
	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT		
1	Jul. 11	Office Equipment	✓	10,000.00		1	
2		Cash	✓		8,000.00	2	
3		Note Payaable			2,000.00	3	
4						4	
5						5	
6						6	
7						7	
8						8	
9						9	
10						10	
11						11	

PAGE 1		PAGE 2					
JOURNAL						Score: 33/138	
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3		Note Payaable			2,000.00	3	
4						4	
5						5	
6						6	
7						7	
8						8	
9						9	

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

**Line** \_\_\_\_\_

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

Points: 0.24 / 1

**Feedback**

▼ Check My Work

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.

[Learning Objective 1](#)  
[Learning Objective 2](#)  
[Learning Objective 3](#)

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.
- **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 [cnowv2demo.cengage.com](http://cnowv2demo.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
Bo.L.	21,700				Dec. 31
	Dec. 31				16,450
	16,450				

## Video: Show Me How

Created for the most frequently assigned end-of-chapter items, 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?

- 8-14 What are the advantages of the retail inventory method compared to the gross profit method?
- 8-15 What is the necessary condition for the retail inventory method to provide valid results?
- 8-16 Explain the meaning of the following terms: markup, additional markup, markup cancellation, net additional markup, markdown, markdown cancellation, and net mark-down.
- 8-17 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?
- 8-18 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?
- 8-19 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.

## BECKER PROFESSIONAL EDUCATION REVIEW QUESTIONS

End-of-Chapter CPA review questions from Becker PREPARE STUDENTS FOR SUCCESS. Students review key concepts using proven questions from Becker Professional Education®—one of the industry’s most effective tools to prepare for the CPA Exam.

- Located in select end-of-chapter sections
- Tagged by concept in CNOWv2
- Similar questions to what students would actually find on the CPA Exam



# HELP STUDENTS GO BEYOND MEMORIZATION TO TRUE UNDERSTANDING!

## MASTERY

### Review Center

The Review Center at the end of each chapter summarizes 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.

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

**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

**KEY TAKEAWAYS**

- Current liabilities are obligations that are due within 1 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** **LO 6.5** **Estimation versus Direct Write-Off of Bad Debts** Blunt Company makes credit sales of \$21,000 during the month of February 2019. During 2019, 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.



**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 October 1, 2017

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)

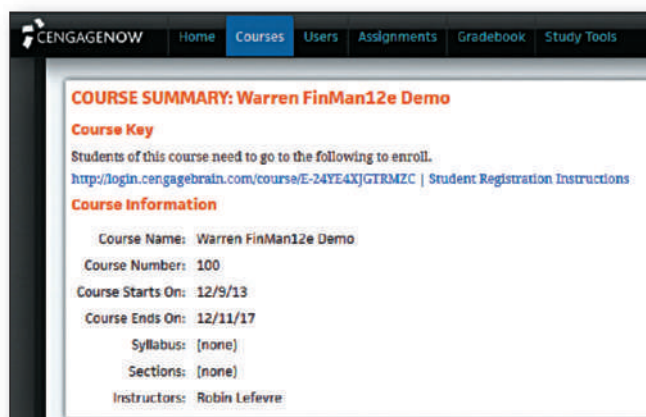
# ONLINE SOLUTIONS

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

- **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!
- **Report Options:** New reporting options allow you to get better reports on your students' progress.
- **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!



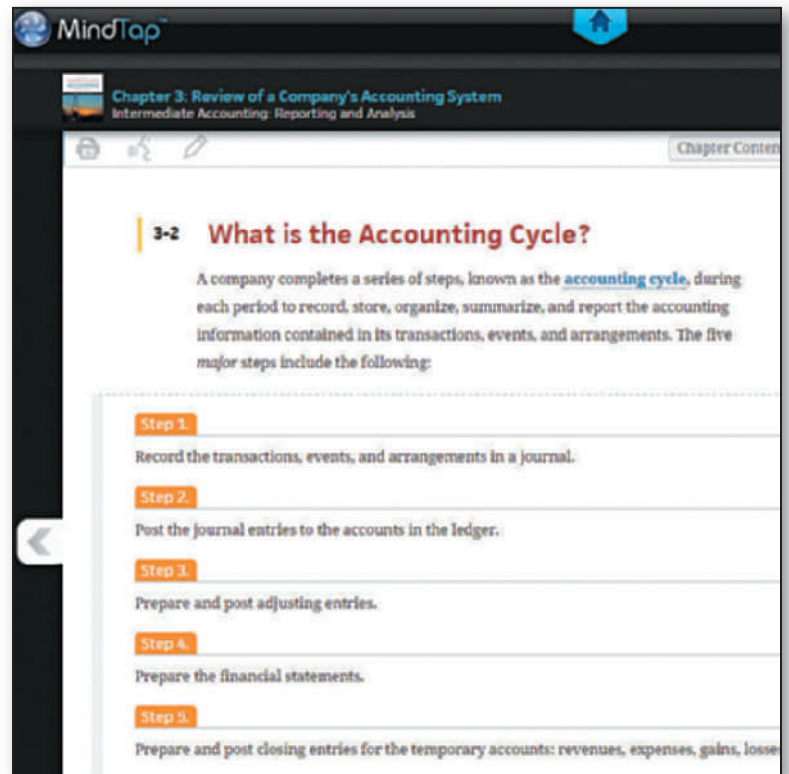


## MindTap eReader

The MindTap eReader for Wahlen/Jones/Pagach's *Intermediate Accounting* 3e 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, Investments, Leases, and Starbucks's 2017 Financial Statements

*Intermediate Accounting* 3e is completely updated to address the new standards for revenue recognition, investments, and lease accounting. The revenue standard provides a robust framework for addressing revenue recognition issues and becomes fully effective in 2019. 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 in 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 as discussed in Chapter 13. Under this standard, all equity investments will generally be measured at fair value with changes in fair value reported through earnings. The new leasing standard is also fully incorporated into the text. Chapter 20, Accounting for Leases, has been fully rewritten to incorporate the complexities of the new standard. The authors have also updated all of the discussions in each chapter to include Starbucks' 2017 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.

All chapters incorporate the following improvements:

- The “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 “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

### Chapter 6

- Added discussion of cryptocurrencies

- Updated discussion of the allowance method to be consistent with the current expected
- credit loss model (CECL) as required by a recently issued FASB standard

### Chapter 7

- Added purchase return journal entries for alternative inventory systems (Example 7.1)
- Added discussion of sales returns in the determination of inventory quantities consistent with the new revenue recognition standard

### Chapter 8

- Updated inventory write-down discussion to include discussion of the lower of cost or net realizable value rule
- Added discussion on how to convert the gross profit as a percentage of cost to the gross profit as a percentage of sales in applying the gross profit inventory estimation method
- Added “Why It Matters Feature” describing gross profit margin ratio
- Added ethics feature on inventory valuation

### Chapter 9

- Updated corporate tax rate information to reflect Tax Cut and Jobs Act
- Added “Looking Ahead” feature regarding the classification principle to distinguish between current and noncurrent debt

### Chapter 12

- Revised the goodwill impairment test to remove the requirement to compute an implied value of goodwill (e.g., Step 2 of the impairment test) as required by ASU 2017-04

### Chapter 13

- Updated coverage to reflect new standards regarding the classification, measurement, and impairment of investments in which an investor does not have significant influence or control
- Revised coverage of the impairment of held-to-maturity and available-for-sale debt investments to reflect the current expected credit loss (CECL) model and the available-for-sale credit loss (AFSCL) model

### 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

- **Updated for the 2018 tax reform**
- 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

- Entirely new coverage of FASB's new lease standard
- Multiple examples related to lessee and lessor accounting

- 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

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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.

## Test Bank

NEW for this edition, Test Bank content is now delivered in an online platform. Cengage Learning Testing Powered by Cognero is a flexible, online system that allows you to:

- Author, edit, and manage test bank content from multiple Cengage Learning solutions
- Create multiple test versions in an instant
- Deliver tests from your LMS, your classroom, or wherever you want

The third edition tests have been completely reviewed, revised, and verified to ensure accuracy.

## Companion Website

This robust companion website provides immediate access to a rich array of teaching and learning resources—including PowerPoint slides and Excel Template Solutions. Easily download the instructor resources you need from the password-protected, instructor-only section of the site.

**PowerPoint Slides** Bring your lectures to life with slides designed to clarify difficult concepts for your students. The lecture PowerPoints include key terms and definitions, equations, examples, exhibits, and all Example Exercises (with solutions) from the textbook.

**Excel Template Solutions** Excel Templates are provided for selected long or complicated end-of-chapter exercises and problems to assist the student as they set up and work the problem. Certain cells are coded to display a tip or guidance about what should be entered, which helps students stay on track. Selected problems that can be solved using these templates are designated by an icon in the textbook and are listed in the assignment preparation grid in the Instructor's Manual. The Excel Template Solutions provide answers to these templates.



# STUDENT RESOURCES

## BECKER PROFESSIONAL EDUCATION REVIEW QUESTIONS

End-of-Chapter CPA review questions from Becker PREPARE STUDENTS FOR SUCCESS. Students review key concepts using proven questions from Becker Professional Education®—one of the industry's most effective tools to prepare for the CPA Exam.

- Located in select end-of-chapter sections
- Tagged by concept in CNOWv2
- Similar questions to what students would actually find on the CPA Exam



## Website

Designed specifically for your students' accounting needs, this website features Excel Templates, learning games, and flashcards.

- Excel Templates: These Excel Templates help students stay on track. If students enter an incorrect answer in certain cells, a red asterisk will appear to let them know something is wrong. Problems that can be solved using these templates are designated by an icon.
- Flashcards: Students can prepare with these flashcards, which cover the key terms and definitions they need to know for each chapter.



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