Fundamental Financial Accounting Concepts

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Eighth Edition
FUNDAMENTAL FINANCIAL ACCOUNTING CONCEPTS

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This book is dedicated to our students, whose questions have so frequently caused us to reevaluate our method of presentation that they have, in fact, become major contributors to the development of this text.
“The conceptual approach to financial accounting is a great innovation. It gives students a “bird’s eye view” of the forest of accounting. By Chapter 3, the students are ready to journey into the trees of debits and credits and learn how transactions get reported on the financial statements.”

STEVE MULLER, VALENCIA COMMUNITY COLLEGE

“[I] also like the way that cash flow concepts are introduced early in the text, through the use of the model. While the Statement of Cash Flows is discussed at the end of the text, the concepts that are needed to understand that information were introduced in Chapter 1.”

DEBBIE BENSON, KENNESAW STATE UNIVERSITY

“The number one strength of the text is the financial statement model approach and delaying introducing debits and credits for several chapters.”

LEAH KRATZ, EASTERN MENNONITE UNIVERSITY

“Edmonds provides excellent perspective on IFRS and international accounting treatment that is appropriate in an introductory level class.”

LINDSEY BOYER, CENTRAL PIEDMONT COMMUNITY COLLEGE

Why should you adopt this textbook? Because it does a better job of teaching traditional introductory accounting concepts. Indeed, we view ourselves as innovative traditionalists. We don’t aim to radically transform accounting education, but instead to make it more effective. Consider the following features that distinguish this book from its competitors.

● THE LINK BETWEEN EVENTS AND STATEMENTS

We not only teach students how to journalize transactions but we also explain how the journal entries affect the financial statements. The text provides coverage of debits and credits, journal entries, T-accounts, and trial balances. Beyond these traditional topics, we employ a financial statements model to ensure that students learn how accounting events affect financial statements. The model arranges the balance sheet income statement and statement of cash flows horizontally across a single line of text as shown below:

<table>
<thead>
<tr>
<th>Account Title</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Payable</td>
<td>8,400</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>8,400</td>
</tr>
</tbody>
</table>

Typically, we show the statements model immediately after each journal entry. For example, the settlement of a liability for interest would be shown as follows:

<table>
<thead>
<tr>
<th>Account Title</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Payable</td>
<td></td>
<td>8,400</td>
</tr>
<tr>
<td>Cash</td>
<td>8,400</td>
<td></td>
</tr>
</tbody>
</table>

This approach provides a direct visual connection between journal entries and financial statements. It enables students to see how each individual accounting event affects decision making. Executives make few decisions without considering how these decisions affect “bottom line” financial performance measures. The statements model approach encourages students to develop real-world thinking patterns.

● A UNIQUE APPROACH TO THE STATEMENT OF CASH FLOWS

We not only cover the income statement, statement of stockholders’ equity, and the balance sheet, but we also provide comprehensive coverage of the statement of cash flows. Coverage of the statement of cash flows starts in Chapter 1 and is discussed throughout the text. While the statement of cash flows is critically important in the real world, coverage of the statement is often slighted and usually relegated to the last chapter in the text. The primary reason for this treatment is that teaching students to convert accrual accounting data into cash flow is complicated. We remove this complexity by introducing the statement through a highly simplified teaching approach.

We begin by teaching students to classify an individual cash transaction as a financing, investing, or operating activity. Students then compile the classified transactions into a formal statement of cash flows. Preparing the statement under this direct, transaction-by-transaction approach reduces the learning task to a simple classification approach:

<table>
<thead>
<tr>
<th>Account Title</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Payable</td>
<td></td>
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<td></td>
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</tbody>
</table>

This approach provides a direct visual connection between journal entries and financial statements. It enables students to see how each individual accounting event affects decision making. Executives make few decisions without considering how these decisions affect “bottom line” financial performance measures. The statements model approach encourages students to develop real-world thinking patterns.
scheme. Later, in Chapter 12, we introduce the more complex task of converting accrual accounting data to a statement of cash flows.

- **UNDERSTANDING FINANCIAL STATEMENT ANALYSIS**

*We not only show how to calculate financial ratios but also explain how those ratios are used to evaluate businesses.* We provide unparalleled coverage of financial statement analysis. A separate section titled the “Financial Analyst” is included in each chapter of the text. Further, a summary of financial ratios is included in an appendix at the end of the text. Finally, a complete chapter covering financial statement analysis is available online. Providing coverage in multiple formats allows the instructor to establish the level of emphasis placed on this subject.

Is a gross margin percentage of 25% good or bad? Clearly, the answer depends on the type of company under consideration. While most textbooks show students how to calculate financial ratios, this text goes a step beyond by providing real-world industry data that facilitates an understanding of the ratios. Exercises, problems, and real-world cases that reference real-world data are included in each chapter. Further, the text includes two financial statement analysis projects. One pertains to Target’s 10-K report that is included in the text. The other is an open-ended project that allows the instructor to choose the company to be evaluated.

- **IFRS AND OTHER INTERNATIONAL ACCOUNTING ISSUES**

*We not only provide comprehensive coverage of generally accepted accounting principles (GAAP) but also expose students to International Financial Reporting Standards (IFRS).* Clearly, GAAP is the predominant practice in the United States. However, ever-increasing globalization requires awareness of international standards as well. The book contains checkboxes titled “Focus on International Issues.” These boxes include content regarding IFRS and other interesting international topics. Specially marked exercises allow the instructor to reinforce the international content through homework assignments. The textbook approach allows flexibility in the level of emphasis instructors choose to place on this subject.

- **DEMONSTRATING EVENT EFFECTS OVER MULTIPLE ACCOUNTING CYCLES**

*We not only show how an accounting event affects a single accounting period but also how that event affects multiple accounting cycles.* The text uses a vertical statements model that shows financial statements from top to bottom on a single page. This model displays financial results for consecutive accounting cycles in adjacent columns, thereby enabling the instructor to show how related events are reported over multiple accounting cycles.

- **CONCLUDING REMARKS**

We appreciate your taking time to read this note. We encourage your questions or comments. Contact information for members of the author team are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
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<td>205-934-8875</td>
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</tr>
</tbody>
</table>

**EXHIBIT 8.3**

Financial Statements under Straight-Line Depreciation

<table>
<thead>
<tr>
<th>Division Enterprises</th>
<th>Financial Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td><strong>Income Statements</strong></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$6,000</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Operating income</td>
<td>$5,000</td>
</tr>
<tr>
<td>Net income</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>Balance Sheet</strong></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$9,000</td>
</tr>
<tr>
<td>Van</td>
<td>(24,000)</td>
</tr>
<tr>
<td>Total assets</td>
<td>$28,000</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$28,000</td>
</tr>
<tr>
<td><strong>Net Change in Cash</strong></td>
<td></td>
</tr>
<tr>
<td>Operating Activities</td>
<td></td>
</tr>
<tr>
<td>Inflows from customers</td>
<td>$6,000</td>
</tr>
<tr>
<td>Financing Activities</td>
<td>(24,000)</td>
</tr>
<tr>
<td>Net Change in Cash</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

**I especially like the fact that, for most transactions, the authors give the type of transaction (asset source, etc.), followed by the journal entry and horizontal mode. It gives instructors lots of flexibility and continually reinforces concepts throughout.”

MARY MANKTELOW, JAMES MADISON UNIVERSITY

“I like the coverage of certain critical Generally Accepted Accounting Principles, such as the Matching Concept) and the Conservatism Principle. . . . It helps the students to have perspective on how material of a given chapter fits into the larger picture of accrual basis accounting and GAAP.”

STACEY ADAMS, ANTELOPE VALLEY CC
Thomas P. Edmonds

Thomas P. Edmonds, is the Friends and Alumni Professor of Accounting at the University of Alabama at Birmingham (UAB). Dr. Edmonds has taught in the introductory area throughout his career. He has coordinated the accounting principles courses at the University of Houston and UAB. He currently teaches introductory accounting in mass sections and in UAB’s distance learning program. He is actively involved in the accounting education change movement. He has conducted more than 50 workshops related to teaching introductory accounting during the last decade. Dr. Edmonds has received numerous prestigious teaching awards including the Alabama Society of CPAs Outstanding Educator Award and the UAB President’s Excellence in Teaching Award. Dr. Edmonds’s current research is education based. He has written articles that appeared in many publications including, among others, the Accounting Review, Issues in Accounting Education, Journal of Accounting Education, and Advances in Accounting Education. Dr. Edmonds has been a successful entrepreneur. He has worked as a management accountant for a transportation company and as a commercial lending officer for the Federal Home Loan Bank. Dr. Edmonds began his academic training at Young Harris Community College. His PhD degree was awarded by Georgia State University. Dr. Edmonds’s work experience and academic training has enabled him to bring a unique perspective to the classroom.

Frances M. McNair

Frances M. McNair holds the KPMG Peat Marwick Professorship in Accounting at Mississippi State University (MSU). She has been involved in teaching principles of accounting for the past 12 years and currently serves as the coordinator for the principles of accounting courses at MSU. She joined the MSU faculty in 1987 after receiving her PhD from the University of Mississippi. The author of various articles that have appeared in the Journal of Accountancy, Management Accounting, Business and Professional Ethics Journal, The Practical Accountant, Taxes, and other publications, she also coauthored the book The Tax Practitioner with Dr. Denzil Causey. Dr. McNair is currently serving on committees of the American Taxation Association, the American Accounting Association, and the Institute of Management Accountants as well as numerous School of Accountancy and MSU committees.

Philip R. Olds

Philip R. Olds is associate professor of accounting at Virginia Commonwealth University (VCU). He serves as the coordinator of the introduction to accounting courses at VCU. Dr. Olds has also received the Distinguished Service Award and the Distinguished Teaching Award from VCU School of Business. Dr. Olds received his A.S. degree from Brunswick Junior College in Brunswick, Georgia (now Costal Georgia Community College). He received a BBA in Accounting from Georgia Southern College (now Georgia Southern University) and his MPA and PhD degrees from Georgia State University. After graduating from Georgia Southern, he worked as an auditor with the U.S. Department of Labor in Atlanta, Georgia. Dr. Olds has published articles in various professional journals and presented papers at national and regional conferences. He also served as the faculty adviser to the VCU chapter of Beta Alpha Psi for five years. In 1989, he was recognized with an Outstanding Faculty Vice-President Award by the national Beta Alpha Psi organization.
WHAT WE DID TO MAKE IT BETTER

This edition offers new opportunities for instructors to determine the scope and pace of coverage. You can now choose to introduce depreciation and interest computations in Chapter 2. Alternatively, you can delay coverage of these subjects thereby providing more time to introduce basic concepts in a simpler environment. In addition, Chapters 1 and 2 have been subdivided into parts that allow you to effectively control the pace of coverage. Also, the revision delivers enhanced coverage of financial statement analysis.

In preparation for the development of this edition we surveyed instructors who use the text to assess their experiences with the revisions made in the previous edition. Overall, we received positive feedback and strong support for the changes we implemented previously. One area where reviewers’ comments were more varied related to the delay of coverage of depreciation and interest computations. Roughly 65 percent of the respondents ranked delaying coverage of depreciation as very or moderately effective, leaving 35 percent who classified the delay as not very effective. Similarly, 74 percent found delaying coverage of interest computations to be very or moderately effective, while 26 percent classified the delay as not very effective. Clearly, many of our adopters are happy to have coverage of these subjects delayed while others would prefer to have those topics covered in Chapters 2 and 3.

In response, we have created an appendix for Chapter 2 that covers depreciation and the computation of interest. Also, numerous exercises and problems covering these topics have been added to the end-of-chapter materials. These exercises and problems have been clearly labeled as being related to the “Appendix.” Identifying them is easy and coverage is left to the discretion of the instructor. Coverage of these topics continues in an appendix to Chapter 3. Accordingly, individual instructors have the opportunity to decide the appropriate time to introduce these pivotal topics.

Virtually everyone is happy that the text addresses issues of substance immediately; there is very little fluff in Chapter 1. While the majority of respondents felt the pace of coverage was on target, some suggested it was overly challenging for their students. The proper pace is, of course, dependent on student aptitude. Since student aptitude varies widely across schools, the pace of coverage must also vary. In recognition of the need for flexibility, we divided Chapter 1 into two sections.

Chapter 1, Section 1 covers basic terminology, introduces the accounting equation, and demonstrates how business events are recorded under the equation. Section 2 introduces students to financial statements. The end-of-chapter exercises and problems are also segregated in separate sections. With this arrangement it is easy for instructors to treat the chapter as two separate chapters, thereby slowing the pace and allowing more time to cover key conceptual issues. Chapter 2 has also been divided into two sections: Chapter 2, Section 1 covers accruals, while Section 2 covers deferrals.

Breaking the chapters into sections offers an added benefit of promoting a stepwise learning environment. The primary concepts are isolated and introduced in a simple environment. More complex relationships and details are then added to the basic foundation. Stepwise learning is a hallmark of our teaching strategy.

The Target annual report project contained in Appendix D has been redesigned and includes many new features that promote ease of use. Specifically, Target’s 2008, 2009, and 2010 financial statements have been loaded into an Excel spreadsheet that is available on the textbook’s website. The income statement shown in the spreadsheet has been revised to better reflect the income statement format and wording used in the textbook. The revision moves credit card revenues (interest income) to the nonoperating section and enables the project solution for gross margin percentages to agree to those identified in the Management Discussion & Analysis section of the annual report. This Excel spreadsheet provides an excellent starting point for the vertical and horizontal analysis required in the project. Also, to simplify grading,

“I think Edmonds is the best financial accounting book on the market.”
MARK CAMMA, ATLANTIC CAPE COMMUNITY COLLEGE

“I really like all of the recaps of financial statements after presenting a number of transactions. I always tell students that the financial statements are our ultimate outcome so it’s good that they see them often.”
EILEEN SHIFFLETT, JAMES MADISON UNIVERSITY

“As a result of using the horizontal model, students have a much better understanding of the accrual effect and the cash effect of a transaction. It is well-written with interesting examples and illustrations.”
NANCY SNOW, UNIVERSITY OF TOLEDO

“Good, easy-to-read book for students.”
CAROLINE FALCONETTI, NASSAU COMMUNITY COLLEGE
we provide a multiple choice project quiz. This quiz is available in the instructor’s manual, as well as in Connect®.

Specific revisions for each chapter are described below.

**SPECIFIC CHAPTER CHANGES**

**Chapter 1 An Introduction to Accounting**
- Divided chapter into two sections, thereby providing more flexibility to set the pace of instruction.
- Added new *Curious Accountant* featuring new high-profile companies and products.
- Updated *Focus on International Issues* textbox that includes IFRS coverage.
- Added new *Reality Bytes*.
- Updated *The Financial Analyst* content.
- Updated exercises, problems, and cases.

**Chapter 2 Accounting for Accruals and Deferrals**
- Divided chapter into two sections, thereby providing more flexibility to set the pace of instruction.
- Added an appendix and related end-of-chapter materials covering the introduction of depreciation and the computation of interest.
- Revised learning objectives.
- Added new *Curious Accountant* featuring new high-profile companies and products.
- Added new *Reality Bytes*.
- Updated *The Financial Analyst* content.
- Updated exercises, problems, and cases.

**Chapter 3 The Double-Entry Accounting System**
- Added an appendix and related end-of-chapter materials that provide continuing coverage of depreciation and the computation of interest.
- Added new *Curious Accountant* featuring new high-profile companies and products.
- Added new *Focus on International Issues* textbox that includes IFRS coverage.
- Updated *The Financial Analyst* content.
- Updated exercises, problems, and cases.

**Chapter 4 Accounting for Merchandising Businesses**
- Added new *Curious Accountant* featuring new high-profile companies and products.
- Updated *The Financial Analyst* content.
- Updated exercises, problems, and cases.

**Chapter 5 Accounting for Inventories**
- Added new *Curious Accountant* featuring new high-profile companies and products.
- Updated *Focus on International Issues* textbox that includes IFRS coverage.
- Updated *The Financial Analyst* content.
- Updated exercises, problems, and cases.

**Chapter 6 Internal Control and Accounting for Cash**
- Added coverage of the framework for internal controls and enterprise risk management developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- Updated *Curious Accountant*.
- Updated exercises, problems, and cases.
Chapter 7 Accounting for Receivables
• Added new Curious Accountant featuring new high-profile companies and products.
• Updated Reality Bytes.
• Updated The Financial Analyst content.
• Updated exercises, problems, and cases.

Chapter 8 Accounting for Long-Term Operational Assets
• Added new Curious Accountant featuring new high-profile companies and products.
• Updated Focus on International Issues textbox that includes IFRS coverage.
• Added new Reality Bytes.
• Updated The Financial Analyst content.
• Updated exercises, problems, and cases.

Chapter 9 Accounting for Current Liabilities and Payroll
• Updated Reality Bytes.
• Updated Focus on International Issues textbox that includes IFRS coverage.
• Updated The Financial Analyst content.
• Updated exercises, problems, and cases.

Chapter 10 Accounting for Long-Term Debt
• Added new Curious Accountant featuring new high-profile companies and products.
• Added new Reality Bytes.
• Updated The Financial Analyst content.
• Updated exercises, problems, and cases.

Chapter 11 Proprietorships, Partnerships, and Corporations
• Added new Curious Accountant featuring new high-profile companies and products.
• Added new Reality Bytes.
• Updated Focus on International Issues textbox that includes IFRS coverage.
• Updated The Financial Analyst content.
• Updated exercises, problems, and cases.

Chapter 12 Statement of Cash Flows
• Added new Curious Accountant featuring new high-profile companies and products.
• Updated Reality Bytes.
• Updated The Financial Analyst content.
• Updated exercises, problems, and cases.

Chapter 13 Financial Statement Analysis (Available online only at www.mhhe.com/edmonds8e)  
The Financial Analyst content.
• Updated exercises, problems, and cases.
Real-World Examples
The text provides a variety of real-world examples of financial accounting as an essential part of the management process. There are descriptions of accounting practices from real organizations such as Coca-Cola, Enron, General Motors, and Amazon.com. These companies are highlighted in blue in the text.

The Curious Accountant
Each chapter opens with a short vignette. These pose a question about a real-world accounting issue related to the topic of the chapter. The answer to the question appears in a separate sidebar a few pages further into the chapter.

Focus on International Issues
These boxed inserts expose students to IFRS and other international issues in accounting.

The Curious Accountant
Richard recently purchased a new Ford automobile from a dealer near his home. When he told his friend Jeff that he was able to purchase the car for $1,360 less than the sticker price, Jeff told Richard he had gotten a great deal. Everybody knows there is a huge markup on cars," Jeff said. "You could have gotten a much lower price if you'd shopped around."

Richard responded, "If there is such a big profit margin on cars, why did so many of the car manufacturers get into financial trouble? Jeff told him that he was confusing the markup of the car with the dealer. Jeff argued that although the manufacturers may not have high profit margins, the dealers do, and told him again that he had paid too much.

Exhibit 4.1 presents the income statements for AutoNation, Inc., and Ford Motor Company. Based on these statements, do you think either of these guys is correct? For example, if you pay $20,000 for a vehicle from a dealership operated by AutoNation, the largest auto retailer in the United States, do you think the dealer is charging too much or too little? What are your expectations based on the information in the income statement? Do you think either of these dealers do not have big markups on the cars they sell?

Answers to The Curious Accountant
As data from the income statement for AutoNation show, automobile dealers do not have big markups on the cars they sell. The new vehicles the company sold for $18,693 million in 2010 cost the company $14,829 million, resulting in a gross margin of $3,864.2 million, or 6.5%. In other words, if you bought an "average" car from AutoNation for $20,000, the company's gross profit on it was only $1,360 ($20,000 − $18,693 = $1,360). Furthermore, the company still had other expenses to pay besides its cost of goods sold. In 2010, only 1.8% of each dollar of AutoNation's sales was net profit ($226.6 million ÷ $12,461.0 = 1.8%). Remember, the amount shown for sales on AutoNation's income statement is based on what customers actually paid for the cars the company sold, not the "sticker price." As data from the income statement for Ford Motor Company show, automobile dealers do not have big markups on the cars they sell. The new vehicles the company sold for $128,954 million in 2010 cost the company $119,280 million, resulting in a gross margin of $9,674.2 million, or 7.5%. In other words, if you bought an "average" car from Ford for $20,000, the company's gross profit on it was only $1,500 ($20,000 − $18,500 = $1,500). Furthermore, the company still had other expenses to pay besides its cost of goods sold. In 2010, only 2.1% of each dollar of Ford Motor Company's sales was net profit ($2,311 million ÷ $104,451 million = 2.1%).

Focus on International Issues
HOW DO IFRS DIFFER FROM U.S. GAAP?
Chapter 1 discussed the progression toward a single global GAAP in the form of International Financial Reporting Standards (IFRS). That discussion noted that the United States does not currently allow domestic companies to use IFRS. Instead, GAAP is briefly considered just how U.S. GAAP differs from IFRS. The differences can be summarized in a few broad categories. First, some differences are relatively minor. Consider the case of book overdrafts. Under IFRS, some book overdrafts are included as a cash inflow and reported on the statement of cash flows. U.S. GAAP does not permit this. Conversely, some differences relate to very significant issues. Both IFRS and GAAP use historical cost as their primary method for reporting information on financial statements, but both allow exceptions in some circumstances. However, IFRS permits more exceptions to historical cost than do GAAP. Some of these differences will be discussed in later chapters.

Focus on International Issues
THE FINANCIAL ANALYST
Corporate Governance
Corporate governance is the set of relationships between the board of directors, management, shareholders, auditors, and other stakeholders that determine how a company is operated. Clearly, financial analysts are keenly interested in these relationships. This section discusses the key components of corporate governance.

Importance of Ethics
The accountant’s role in society requires trust and credibility. Accounting information is worthless if the accountant is not trustworthy. Similarly, tax and consulting advice is useless if it comes from an incompetent person. The high ethical standards required by the profession state...
STUDENTS?

REALITY BYTES

Do all accounting systems require using debits and credits? The answer is a no. Many small businesses use a single-entry system. A single-entry system facilitates a relatively simple accounting approach for small businesses. These businesses may not need to track transactions, such as sales and purchases, as closely as larger businesses. Consequently, many small businesses can use an simplified accounting system that does not require debits or credits. For example, Quicken, a popular accounting software for small businesses, uses a simplified accounting system called a cash basis. A cash basis system tracks transactions based on cash received and paid, unlike the accrual basis system, which tracks transactions based on when they occur. Even so, the cash basis system can be unsuitable for certain types of transactions. For example, a business that sells goods on credit would need to include the sale in its income statement when the customer pays the invoice, even if the payment is not received until later. In contrast, the accrual basis system recognizes revenue when the sale is made and expense when the service is provided, regardless of when cash is received or paid.

Appendix B

Portion of the Form 10K for Target Corporation

This appendix contains a portion of the Form 10-K for the Target Corporation that was filed with the Securities and Exchange Commission on March 11, 2011. The document included in this appendix is Target's annual report, which was included as a part of its complete Form 10-K, for the company's fiscal year ended January 29, 2011. Throughout this text this is referred to as the company's 2010 fiscal year.

This document is included for illustrative purposes, and it is intended to be used for educational purposes only. It should not be used for making investment decisions. A financial statement analysis project for the annual report is located in Appendix D. Also, a general purpose annual report project is included for instructors to assign for any company.

Chapter Focus Company

Each chapter introduces important managerial accounting topics within the context of a realistic company. Students see the impact of managerial accounting decisions on the company as they work through the chapter. When the Focus Company is presented in the chapter, its logo is shown so the students see its application to the text topics.

A Look Back/A Look Forward

Students need a roadmap to make sense of where the chapter topics fit into the “whole” picture. A Look Back reviews the chapter materials and a look forward introduces students to what is to come.
Regardless of the instructional approach, there is no shortcut to learning accounting. Students must practice to master basic accounting concepts. The text includes a prodigious supply of practice materials and exercises and problems.

Self-Study Review Problem
These example problems include a detailed, worked-out solution and provide support for students before they work problems on their own. These review problems are included in an animated audio presentation, on the text website.

Exercise Series A & B and Problem Series A & B
There are two sets of problems and exercises, Series A and B. Instructors can assign one set for homework and another set for classwork.
• Check Figures
The figures provide key answers for selected problems.
• Excel
Many problems can be solved using the Excel™ templates contained on the text’s Online Learning Center. A logo appears in the margins next to these problems.

“The self study problems and supplements on the web are very useful for students.”
BARRY BUCHOFF,
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“Exercises and problems are great and provide a variety as well as multiple examples for students to practice.”
PATRICIA BANCROFT, BRIDGEWATER STATE UNIVERSITY
REINFORCED?

Analyze, Think, Communicate (ATC)

Each chapter includes an innovative section entitled Analyze, Think, Communicate (ATC). This section offers Business Applications Cases, Group Assignments, Real World Cases, Writing Assignments, Ethical Dilemma Problems, Research Assignments, and Spreadsheet Assignments.

We use logos to help students identify the type of question being asked.

- **Target Corp.**
- **Group Work**
- **Real World Company**
- **Research**
- **Excel**

Comprehensive Problem

Beginning in Chapter 1, a comprehensive problem builds in each successive chapter, with the ending account balances in one chapter becoming the beginning account balances in the next chapter.

Mastering Excel and Using Excel

The Excel applications are used to make students comfortable with this analytical tool and to show its use in accounting.

“Lots of good exercises and problems at the end of each chapter with A and B choices.”

CAROL SHAVER,
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“I love the spreadsheet assignments and the comprehensive problems at the end of each chapter. I love the check figures that are available on some of the problems.”

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- Reinforce classroom concepts with practice tests and instant quizzes.

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- Instructor’s Manual
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Many educational institutions today are focused on the notion of assurance of learning, an important element of many accreditation standards. *Fundamental Financial Accounting Concepts 8e* is designed specifically to support your assurance of learning initiatives with a simple, yet powerful, solution.

Each chapter in the book begins with a list of numbered learning objectives, which appear throughout the chapter as well as in the end-of-chapter assignments. Every Test Bank question for *Fundamental Financial Accounting Concepts* maps to a specific chapter learning objective in the textbook. Each Test Bank question also identifies topic area, level of difficulty, Bloom’s Taxonomy level, AICPA and AACSB skill area. You can use our Test Bank software, *EZ Test Online*, or *Connect Accounting* to easily search for learning objectives that directly relate to the learning objectives for your course. You can then use the reporting features of *EZ Test* to aggregate student results in similar fashion, making the collection and presentation of Assurance of Learning data simple and easy.

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McGraw-Hill/Irwin is a proud corporate member of AACSB International. Understanding the importance and value of AACSB accreditation, *Fundamental Financial Accounting Concepts 8e* recognizes the curricula guidelines detailed in the AACSB standards for business accreditation by connecting selected questions in the text and the Test Bank to the general knowledge and skill guidelines in the AACSB standards.

The statements contained in *Fundamental Financial Accounting Concepts 8e* are provided only as a guide for the users of this textbook. The AACSB leaves content coverage and assessment within the purview of individual schools, the mission of the school, and the faculty. While *Fundamental Financial Accounting Concepts 8e* and the teaching package make no claim of any specific AACSB qualification or evaluation, we have, within the text and test bank labeled selected questions according to the six general knowledge and skills areas.

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(www.mhhe.com/edmonds8e)

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- Solutions Manual
- Instructor’s Manual
- Test Bank
• Instructor PowerPoints
• Excel Templates and Solutions

If you choose to use Connect Accounting with Edmonds, you will have access to these same resources via the Instructor Library.

Instructor's Manual
This comprehensive manual includes step-by-step, explicit instructions on how the text can be used to implement alternative teaching methods. It also provides guidance for instructors who use the traditional lecture method. The guide includes lesson plans and demonstration problems with student work papers, as well as solutions.

Solutions Manual
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PowerPoint Presentation
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Test Bank
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- Online Quizzes
- Student PowerPoint slides
- Narrated PowerPoint lectures
- Self-Study Review slides
- Excel Templates
- Video Library
- Appendices
- Links to Accounting Resources

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**Study Guide**


This proactive guide incorporates many of the accounting skills essential to student success. Each chapter contains a review and explanation of the chapter’s learning objectives, as well as multiple-choice problems and short exercises. Unique to this Study Guide is a series of articulation problems that require students to indicate how accounting events affect the elements of financial statements.

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**Excel Templates**

These templates allow students to develop spreadsheet skills to solve selected assignments identified by an icon in the end-of-chapter material.
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• Thomas P. Edmonds • Frances M. McNair • Philip R. Olds

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