

Financial Accounting: Information for Decisions, 9e

John Wild

©2019

ISBN: 1259917045

Detailed List of New Features

This edition's revisions are driven by feedback from instructors and students. They include

- New or revised layout for many chapters that organizes materials into common sections, with each section followed by a Need-to-Know (NTK) demonstration.
- Many new, revised, and updated assignments throughout, including real-world and sustainability assignments.
- Many Need-to-Know (NTK) demonstrations added to chapters at key junctures to reinforce learning.
- Adjusting entries for new revenue recognition rules set in an appendix.
- Gross method is primary method for merchandising transactions, mimicking practice.
- Updated Sustainability section for each chapter, with examples linked to the new chapter-opening company.
- New annual reports and new real-world (FSA) assignments: Apple, Google, and Samsung.
- Revised art program, visual infographics, and text layout.
- Updated ratio/tool analysis using data from well-known firms.
- Revised General Ledger and Excel assignments for most chapters.
- New and revised entrepreneurial examples and elements.
- New technology content integrated and referenced throughout.
- Revised Global View section moved to the very end of each chapter following assignments.
- New Analysis assignments using real-world data from Apple, Google, and Samsung—titled Financial Analysis, Comparative Analysis, and Global Analysis.

Chapter by Chapter Changes

Chapter 1

- Updated opener—Apple and entrepreneurial assignment.
- Updated salary info for accountants.
- Reorganized “Ethics” section to include enforcing ethics.
- Streamlined the “Fundamentals of Accounting” section.
- Shortened the “International Standards” section.

- Revised the business entity discussion along with adding LLC.
- Updated the section on revenue recognition.
- Updated section on accounting constraints.
- New layout for introducing the expanded accounting equation.
- New layout for introducing financial statements.
- Updated Apple numbers for NTK 1-5.
- Global View moved to follow assignments—for all chapters.
- Updated Social Index graph for sustainable investing in Decision Insight box.
- New company, Nike, and data for Decision Analysis section.
- Add two new Exercise assignments.
- Added new analysis assignments: Financial Analysis, Comparative Analysis, and Global Analysis.

Chapter 2

- NEW opener—Fitbit and entrepreneurial assignment.
- Revised chapter preview chart.
- Updated Apple’s analysis to launch chapter.
- New layout for the four types of accounts that determine equity.
- Enhanced Exhibit 2.4 to categorize individual accounts using accounting equation.
- Improved presentation of the “Double-Entry System” section.
- Added computation explanations to Exhibit 2.8.
- New presentation for “Summarizing Transactions in a Ledger” section.
- Enhanced section on financial statement preparation.
- Updated Apple data for NTK 2-4.
- New Sustainability discussion on the FitForGood organization.
- Updated debt ratio analysis using Costco.
- Added two new Quick Studies.
- Added one new Exercise.
- Updated Piaggio’s (IFRS) balance sheet in Global View.

Chapter 3

- NEW opener—Urban One and entrepreneurial assignment.
- Revised presentation of “Accrual Basis vs. Cash Basis” section.
- Updated “Recognizing Revenues and Expenses” section.
- New streamlined “Framework for Adjustments” section.
- Continue to emphasize 3-step adjusting process.
- Simplified the “Explanation” section for each adjustment.
- New graphic to introduce accrued services revenue.
- New and enhanced Exhibit 3.12 on summary of adjustments.
- New art distinguishing between temporary and permanent accounts.
- Shortened discussion of closing entries.
- Exhibit 3.17 color-coded all adjustments.
- Enhanced Exhibit 3.19 on steps of the accounting cycle with images.
- Streamlined section on a classified balance sheet.
- Sustainability section focuses on community involvement.
- Updated profit margin and current ratio analysis using Visa and Costco.
- Improved layouts for Exhibits 3A.1 to 3A.5.
- Appendix 3B and 3C moved to online only.
- Added one Quick Study and one Exercise linked to sustainability.
- Reorganized Global View section.

- Updated Piaggio's classified balance sheet for Global View.

Chapter 4

- NEW opener—Build-A-Bear and entrepreneurial assignment.
- Revised introduction for servicers vs. merchandisers using Liberty Tax and Nordstrom.
- Streamlined introduction to inventory systems.
- New NTK 4-1 covers the basics of merchandising.
- Reorganization of "Purchases" section to aid learning.
- Enhanced entries on payment of purchases within discount period vs. after discount period.
- Reorganized explanation for FOB terms.
- Improved discussion of entries for sales with discounts vs. sales without discounts.
- Revised presentation of Exhibit 4.10.
- New Appendix 4B explains adjusting entries for future sales discounts, returns, and allowances.
- Color-coded Exhibit 4.12 to highlight different merchandising transactions.
- Sustainability section focuses on accounting to track donations to World Wildlife Fund.
- Updated acid-test ratio and gross margin analysis using Nike.
- Appendix 4C covers the net method.
- New Appendixes 4D and 4E moved to online only.
- Added one Quick Study and one Exercise related to sustainability.
- Updated Volkswagen income report in Global View.

Chapter 5

- NEW opener—Shake Shack and entrepreneurial assignment.
- Simplified the introduction to inventory costing.
- Shortened the explanation for specific identification.
- Revised image for each inventory method to show inventory at the shop and cost flows out for delivery.
- Added colored arrow lines to Exhibits 5.5 and 5.6 to show cost flows from purchases to sales.
- "Lower of Cost or Market" section greatly simplified.
- Enhanced layout to explain effects of inventory errors across years.
- New Sustainability section highlights key inventory ingredients for success.
- Updated inventory turnover and days' sales in inventory analysis using Toys "R" Us.
- Appendix 5A: New images show inventory level and cost flow of goods for each inventory method.
- Added one Quick Study and two Exercises related to sustainability.

Chapter 6

- NEW opener—Care.com and entrepreneurial assignment.
- New framework from COSO to guide internal control, including the COSO cube.
- Streamlined discussion of principles of internal control.
- New discussion of internal control failure at Amazon that cost customers \$150 million.
- New discussion box on fraud discovery with updated data from ACFE.
- New evidence from ACFE on how cash is stolen from companies.
- Streamlined the petty cash discussion.
- Simplified the bank statement for learning.
- New summary image on adjustments for bank balance and for book balance.
- Simplified discussion of debit and credit memoranda.
- Revised pie chart from ACFE on the top contributors to fraud.
- New Sustainability section explains how Care.com empowers women to realize their dreams.
- Updated days' sales uncollected analysis using Starbucks and Jack in the Box.
- Added one Quick Study and two new Exercises.

Chapter 7

- NEW opener—Facebook and entrepreneurial assignment.
- Revised chapter preview chart.
- New learning objectives, P₂ and P₃—combined as P₂ in prior edition.
- Updated data in Exhibit 7.1.
- New section for sales using store credit cards.
- Simplified section for sales using bank (third-party) credit cards to focus on entries for cash received at point of sale.
- Revised NTK 7-1 for new credit card entries.
- Streamlined section on direct write-off method.
- New Exhibit 7.6 showing allowances set aside for future bad debts along with journal entries.
- Continued our 3-step adjustment applied to allowance for doubtful accounts.
- Continued Exhibit 7.10 showing the accounting adjustment in each case.
- New calendar graphic added as learning aid with Exhibit 7.12.
- New Sustainability section on Facebook's commitment to clean energy.
- Updated accounts receivable analysis using Visa and Mastercard.
- Added one Quick Study and one Exercise related to sustainability.
- Added new Exercise covering receivables with a store credit card.

Chapter 8

- Updated opener—Kate Spade and entrepreneurial assignment.
- Updated data in Exhibit 8.1.
- Revised images for Exhibit 8.2.
- Added entry with Exhibit 8.3
- Simplified Exhibit 8.4 for lump-sum purchases.
- Added Excel demos for straight-line (Exhibit 8.6) and double-declining balance (Exhibit 8.11).
- Simplified “Partial-Year Depreciation” section.
- Added margin table to Exhibit 8.14 as learning aid.
- New table to explain additional expenditures, including examples and entries.
- New simple introduction to finance leases and operating leases, including basic entries in the margin.
- Added paragraph on R&D expenditures.
- Updated asset turnover analysis using Starbucks and Jack in the Box.
- Simplified Appendix 8A by excluding exchanges without commercial substance.
- Added one Quick Study and one Exercise related to sustainability.

Chapter 9

- NEW opener—Pandora Media and entrepreneurial assignment.
- Streamlined first sections on defining and classifying liabilities.
- Updated data in Exhibit 9.2.
- Removed footnote on how to reverse calculate sales taxes.
- Streamlined “Short-Term Notes Payable” section.
- Simplified explanation of FICA taxes.
- Updated payroll tax rates and explanations.
- New section on internal controls for payroll.
- Simplified bonus explanation and computations.
- Updated new NTK 9-3 and NTK 9-4.
- New Sustainability section on Pandora's energy efficiency.
- New W-4 form added to Appendix 9A.

- Added one Quick Study and one Exercise related to sustainability.

Chapter 10

- NEW opener—e.l.f. Cosmetics and entrepreneurial assignment.
- Streamlined section on bond financing.
- Shortened “Bond Issuing” section.
- Updated the IBM stock quote data.
- New NTK 10-1 covering bonds issued at par.
- Simplified Exhibit 10.6 on discount bonds by showing only one interest calculation.
- New T-accounts with Exhibit 10.6 to show bonds payable and the discount on bonds payable through maturity.
- Simplified numbers in Exhibit 10.7.
- Simplified Exhibit 10.10 on premium bonds.
- Simplified numbers in Exhibit 10.11.
- Bond pricing moved to Appendix 10A.
- Simplified Exhibit 10.12 for teaching note amortization schedule.
- New Sustainability section explains charitable donations from e.l.f.
- Updated debt-to-equity analysis using Nike and Under Armour.
- New Excel computations for bond pricing in Appendix 10A.
- Simplified numbers in Exhibits 10B.1 and 10B.2.
- Revised Appendix 10C to reflect new standard on finance leases and operating leases.
- Added one Quick Study and one Exercise related to sustainability.

Chapter 11

- NEW opener—Yelp and entrepreneurial assignment.
- Streamlined discussion of corporate form of organization.
- Updated the Target stock quote.
- Simplified “Cash Dividends” section.
- Simplified “Stock Dividends” section.
- Continued 5-step process for stock dividends.
- Streamlined section on dividend preference of preferred stock.
- Shortened section on reasons for issuing preferred stock.
- Updated the Apple statement of equity in Exhibit 11.10.
- New Sustainability section explains accounting for the Yelp Foundation.
- Updated PE and dividend yield using Amazon, Altria, Visa, and Mastercard.
- Simplified book value per share explanation and computations.
- Added two new Quick Study assignments related to sustainability.

Chapter 12

- NEW opener—Vera Bradley and entrepreneurial assignment.
- New box on Tesla’s cash outflows and growing market value.
- Slightly revised infographics on examples of cash flows from operating, investing, and financing.
- Kept 5-step process for preparing statement of cash flows.
- Streamlined sections on analyzing the cash account and noncash accounts.
- New graphic on use of indirect and direct methods in practice.
- New presentation to aid learning of indirect adjustments to income.
- Simplified T-accounts to reconstruct cash flows.
- Updated box comparing operating cash flows to income for companies.
- Simplified reconstruction entries to help compute cash flows.

- Kept “Summary T-Account” for learning statement of cash flows.
- New Sustainability section on accounting for Vera Bradley Foundation for Breast Cancer.
- Updated cash flow on total assets analysis using Nike and Under Armour.
- Added one Quick Study and one Exercise related to sustainability.

Chapter 13

- NEW opener—Morgan Stanley and entrepreneurial assignment.
- Streamlined “Basics of Analysis” section.
- Updated data for all analyses of Apple using horizontal, vertical, and ratio analysis.
- Updated comparative analysis using Google and Samsung.
- Streamlined section on ratio analysis.
- Revised Sustainability section on Morgan Stanley’s initiatives.
- Streamlined the analysis reporting section.
- Shortened Appendix 13A.
- Added one Quick Study and one Exercise related to sustainability.

Appendix A

- New financial statements for Apple, Google, and Samsung.

Appendix B

- New organization with detailed subheadings.
- Added Excel computations for PV and FV of single amounts.
- Added Excel computations for PV and FV of annuity.

Appendix C

- Revised chapter preview chart.
- New learning objective P₄ to account for new category of stock investments.
- Revised Exhibit C.2 to reflect new standard on accounting for stock investments with insignificant influence.
- Reorganized text to first explain debt securities then stock securities.
- Revised trading and available-for-sale securities to explain that this applies only to debt securities given the new standard.
- Continued 3-step process for fair-value adjustment of portfolios.
- New section on stock investments with significant influence.
- New Exhibit C.6 to describe accounting for equity securities by ownership level.
- Updated Google example for comprehensive income.
- Updated component-returns analysis using Gap.
- Investments in international operations set online as Appendix D.

Find Your Rep at mhhe.com/rep



Because learning changes everything.™