DEDICATED TO

Our wives,

Enid, Merlynn, and Donna, for their love, support, and encouragement.
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Dear Student,

WHY THIS COURSE? Remember your biology course in high school? Did you have one of those “invisible man” models (or maybe something more high-tech than that) that gave you the opportunity to look “inside” the human body? This accounting course offers something similar. To understand a business, you have to understand the financial insides of a business organization. A financial accounting course will help you understand the essential financial components of businesses. Whether you are looking at a large multinational company like Apple or Starbucks or a single-owner software consulting business or coffee shop, knowing the fundamentals of financial accounting will help you understand what is happening. As an employee, a manager, an investor, a business owner, or a director of your own personal finances—any of which roles you will have at some point in your life—you will make better decisions for having taken this course.

WHY THIS TEXT? Your instructor has chosen this text for you because of the authors’ trusted reputation. The authors have worked hard to write a text that is engaging, timely, and accurate.

HOW TO SUCCEED? We’ve asked many students and many instructors whether there is a secret for success in this course. The nearly unanimous answer turns out to be not much of a secret: “Do the homework.” This is one course where doing is learning. The more time you spend on the homework assignments—using the various tools that this text provides—the more likely you are to learn the essential concepts, techniques, and methods of accounting. Besides the text itself, WileyPLUS also offers various support resources.

Good luck in this course. We hope you enjoy the experience and that you put to good use throughout a lifetime of success the knowledge you obtain in this course. We are sure you will not be disappointed.

Jerry J. Weygandt
Paul D. Kimmel
Donald E. Kieso
Jerry Weygandt

JERRY J. WEYGANDT, PhD, CPA, is Arthur Andersen Alumni Emeritus Professor of Accounting at the University of Wisconsin—Madison. He holds a Ph.D. in accounting from the University of Illinois. Articles by Professor Weygandt have appeared in The Accounting Review, Journal of Accounting Research, Accounting Horizons, Journal of Accountancy, and other academic and professional journals. These articles have examined such financial reporting issues as accounting for price-level adjustments, pensions, convertible securities, stock option contracts, and interim reports. Professor Weygandt is author of other accounting and financial reporting books and is a member of the American Accounting Association, the American Institute of Certified Public Accountants, and the Wisconsin Society of Certified Public Accountants. He has served on numerous committees of the American Accounting Association and as a member of the editorial board of The Accounting Review; he also has served as President and Secretary-Treasurer of the American Accounting Association. In addition, he has been actively involved with the American Institute of Certified Public Accountants and has been a member of the Accounting Standards Executive Committee (AcSEC) of that organization. He has served on the FASB task force that examined the reporting issues related to accounting for income taxes and served as a trustee of the Financial Accounting Foundation. Professor Weygandt has received the Chancellor’s Award for Excellence in Teaching and the Beta Gamma Sigma Dean’s Teaching Award. He is on the board of directors of M & I Bank of Southern Wisconsin. He is the recipient of the Wisconsin Institute of CPA’s Outstanding Educator’s Award and the Lifetime Achievement Award. In 2001 he received the American Accounting Association’s Outstanding Educator Award.

Paul Kimmel

PAUL D. KIMMEL, PhD, CPA, received his bachelor’s degree from the University of Minnesota and his doctorate in accounting from the University of Wisconsin. He teaches at U.W.—Milwaukee and U.W.—Madison. He has public accounting experience with Deloitte & Touche (Minneapolis). He was the recipient of the UWM School of Business Advisory Council Teaching Award, the Reggie Taite Excellence in Teaching Award and a three-time winner of the Outstanding Teaching Assistant Award at the University of Wisconsin. He is also a recipient of the Elijah Watts Sells Award for Honorary Distinction for his results on the CPA exam. He is a member of the American Accounting Association and the Institute of Management Accountants and has published articles in The Accounting Review, Accounting Horizons, Review of Accounting Studies, Advances in Management Accounting, Managerial Finance, Issues in Accounting Education, Journal of Accounting Education, as well as other journals. His research interests include accounting for financial instruments and innovation in accounting education. He has published papers and given many presentations regarding accounting instruction, and helped prepare a catalog of critical thinking resources for the Federated Schools of Accountancy.

Don Kieso

DONALD E. KIESO, PhD, CPA, received his bachelor’s degree from Aurora University and his doctorate in accounting from the University of Illinois. He has served as chairman of the Department of Accountancy and is currently the KPMG Emeritus Professor of Accountancy at Northern Illinois University. He has public accounting experience with Price Waterhouse & Co. (San Francisco and Chicago) and Arthur Andersen & Co. (Chicago) and research experience with the Research Division of the American Institute of Certified Public Accountants (New York). He has done post doctorate work as a Visiting Scholar at the University of California at Berkeley and is a recipient of NIU’s Teaching Excellence Award and four Golden Apple Teaching Awards. Professor Kieso is the author of other accounting and business books and is a member of the American Accounting Association, the American Institute of Certified Public Accountants, and the Illinois CPA Society. He has served as a member of the Board of Directors of the Illinois CPA Society, then AACSB’s Accounting Accreditation Committees, the State of Illinois Comptroller’s Commission, as Secretary-Treasurer of the Federation of Schools of Accounting, and as Secretary-Treasurer of the American Accounting Association. Professor Kieso is currently serving on the Board of Trustees and Executive Committee of Aurora University, as a member of the Board of Directors of Kishwaukee Community Hospital, and as Treasurer and Director of Valley West Community Hospital. From 1989 to 1993 he served as a charter member of the national Accounting Education Change Commission. He is the recipient of the Outstanding Accounting Educator Award from the Illinois CPA Society, the FSA’s Joseph A. Silvos Award of Merit, the NIU Foundation’s Humanitarian Award for Service to Higher Education, a Distinguished Service Award from the Illinois CPA Society, and in 2003 an honorary doctorate from Aurora University.
Financial Accounting, Ninth Edition, provides a simple and practical introduction to financial accounting. It explains the concepts you need to know, while also emphasizing the importance of decision-making. In this new edition, all content has been carefully reviewed and revised to ensure maximum student understanding. For example, the authors have updated illustrations to show cash flow, balance sheet, and income statement effects of transactions in Chapter 3. At the same time, the time-tested features that have proven to be of most help to students have been retained, such as the following.

DO IT! Exercises

DO IT! Exercises in the body of the text prompt students to stop and review key concepts. They outline the Action Plan necessary to complete the exercise as well as show a detailed solution.

DO IT! 1 | Timing Concepts

Below is a list of concepts in the left column, with descriptions of the concepts in the right column. There are more descriptions provided than concepts. Match the description of the concept to the concept.

1. Accrual-basis accounting
2. Calendar year
3. Periodicity assumption
4. Expense recognition principle

Solution

1. A
2. C
3. E
4. B


Review and Practice

Each chapter concludes with a Review and Practice section which includes a review of learning objectives, Decision Tools review, key terms glossary, practice multiple-choice questions with annotated solutions, practice brief exercises with solutions, practice exercises with solutions, and a practice problem with a solution.

Practice Problem

Below is a list of accounts in the left column, with balances for selected accounts. Prepare the adjusting entries for the month of April. Show computations.

1. Prepaid insurance
2. Equipment
3. Notes Payable
4. Unearned Service Revenue
5. Service Revenue

Analysis reveals the following additional data pertaining to these accounts.

1. Prepaid insurance is the cost of a 2-year insurance policy, effective April 1.
2. Depreciation on the equipment is $500 per month.
3. The note payable is dated April 1. It is a 6-month, 6% note.
4. Seven customers paid for the company’s 6-month lawn service package of $600 beginning in April. These customers received the first month of services in April.
5. Lawn services performed for other customers but not billed at April 30 totaled $1,500.

Instructions

Prepare the adjusting entries for the month of April. Show computations.

Solution

Prepare the adjusting entries for the month of April. Show computations.
Infographic Learning

Over half of the text is visual, providing students alternative ways of learning about accounting.

Real-World Decision-Making

Real-world examples that illustrate interesting situations in companies and how managers make decisions using accounting information are integrated throughout the text, such as in the opening Feature Story as well as the Insight boxes.

Reporting Revenue Accurately

Until recently, electronics manufacturer Apple was required to spread the revenue from iPhone sales over the two-year period following the sale of the phone. Accounting standards required that be-cause Apple was obligated to provide software updates after the phone was sold, since Apple had service obligations after the initial date of sale, it was forced to spread the revenue over a two-year period.

As a result, the rapid growth of iPhone sales was not fully reflected in the revenue amounts reported in Apple’s income statement. A new accounting standard now enables Apple to report much more of the revenue recognized at the point of sale. It was estimated that under the new rule, sales revenue would have been about 170 higher and earnings per share almost 50 higher.

In the past, why was it argued that Apple should spread the recognition of iPhone revenue over a two-year period, rather than recording it upfront? (Go to WileyPLUS for this answer and additional questions.)

Decision Tools

Accounting concepts that are useful for management decision-making are highlighted throughout the text. A summary of Decision Tools is included in each chapter as well as a practice exercise and solution, Using the Decision Tools.
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Paul D. Kimmel   Jerry J. Weygandt   Donald E. Kieso
Milwaukee, Wisconsin   Madison, Wisconsin   DeKalb, Illinois