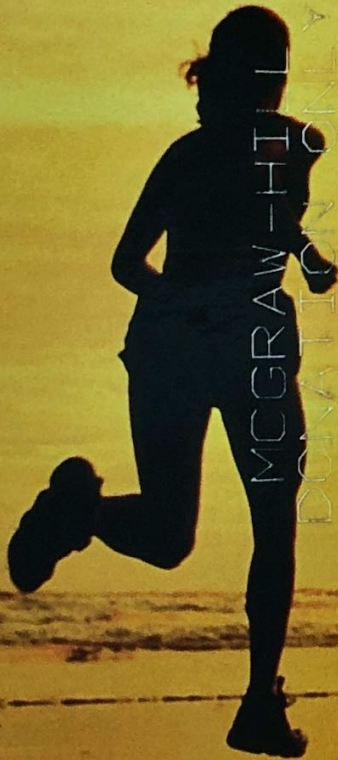


# College Accounting



PRICE / HADDOCK / BROCK



# RULES OF DEBIT AND CREDIT

## PERMANENT ACCOUNTS

Assets	
Debit + Increase Normal Balance	Credit - Decrease

**Examples:** Cash  
Accounts Receivable  
Building  
Equipment

Contra Assets	
Debit - Decrease	Credit + Increase Normal Balance

**Examples:** Allowance for Doubtful Accounts  
Accumulated Depreciation—Building

Liabilities	
Debit - Decrease	Credit + Increase Normal Balance

**Examples:** Accounts Payable  
Notes Payable  
Bonds Payable

Contra Liabilities	
Debit + Increase Normal Balance	Credit - Decrease

**Example:** Discount on Bonds Payable

Equity	
Debit - Decrease	Credit + Increase Normal Balance

**Examples:** Linda Carter, Capital (Sole Proprietorship)  
Ted West, Capital (Partnership)  
Capital Stock (Corporation)  
Retained Earnings (Corporation)

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# RULES OF DEBIT AND CREDIT

## TEMPORARY ACCOUNTS

Withdrawals (Sole Proprietorship/Partnership)	
<b>Debit</b> <b>+</b> <b>Increase</b> <b>Normal Balance</b>	<b>Credit</b> <b>-</b> <b>Decrease</b>

**Example:** Linda Carter, Withdrawals

Revenue	
<b>Debit</b> <b>-</b> <b>Decrease</b>	<b>Credit</b> <b>+</b> <b>Increase</b> <b>Normal Balance</b>

**Examples:** Fees Income  
Sales

Contra Revenue	
<b>Debit</b> <b>+</b> <b>Increase</b> <b>Normal Balance</b>	<b>Credit</b> <b>-</b> <b>Decrease</b>

**Examples:** Sales Discounts  
Sales Returns and Allowances

Cost of Goods Sold	
<b>Debit</b> <b>+</b> <b>Increase</b> <b>Normal Balance</b>	<b>Credit</b> <b>-</b> <b>Decrease</b>

**Examples:** Purchases  
Freight In

Contra Cost of Goods Sold	
<b>Debit</b> <b>-</b> <b>Decrease</b>	<b>Credit</b> <b>+</b> <b>Increase</b> <b>Normal Balance</b>

**Example:** Purchases Discounts  
Purchases Returns and Allowances

Expenses	
<b>Debit</b> <b>+</b> <b>Increase</b> <b>Normal Balance</b>	<b>Credit</b> <b>-</b> <b>Decrease</b>

**Examples:** Advertising Expense  
Utilities Expense  
Rent Expense



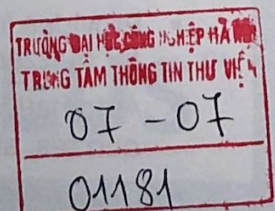
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# College Accounting

## Chapters 1–32

  
GIFT OF THE ASIA FOUNDATION  
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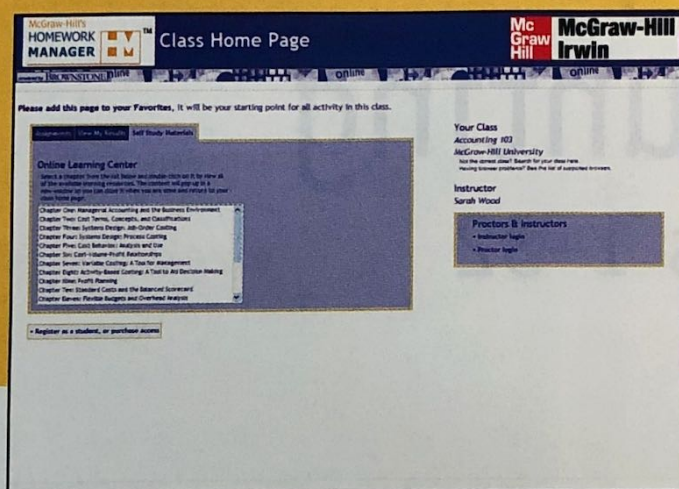
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**HOMEWORK  
MANAGER**



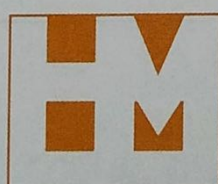
**PLUS**<sup>TM</sup>

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**THE COMPLETE SOLUTION**



## McGraw-Hill's Homework Manager

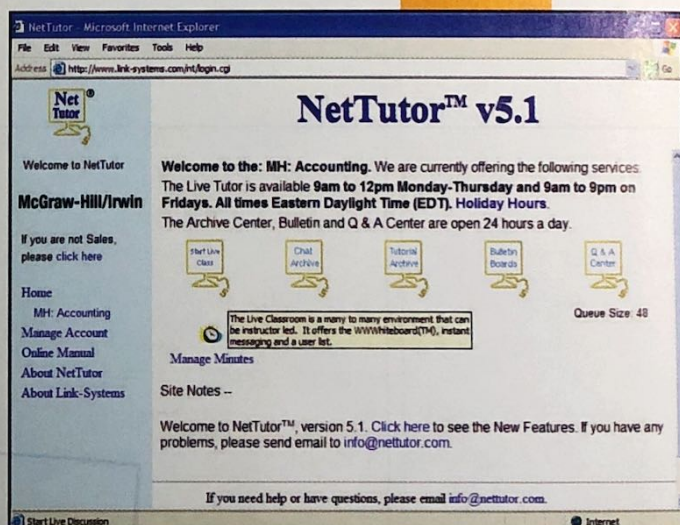


<sup>TM</sup> This online homework management solution contains the textbook's end-of-chapter material. Now you have the op-

tion to build assignments from static and algorithmic versions of the text problems and exercises, or build self-graded quizzes from the additional questions provided in the online test bank.

### Features:

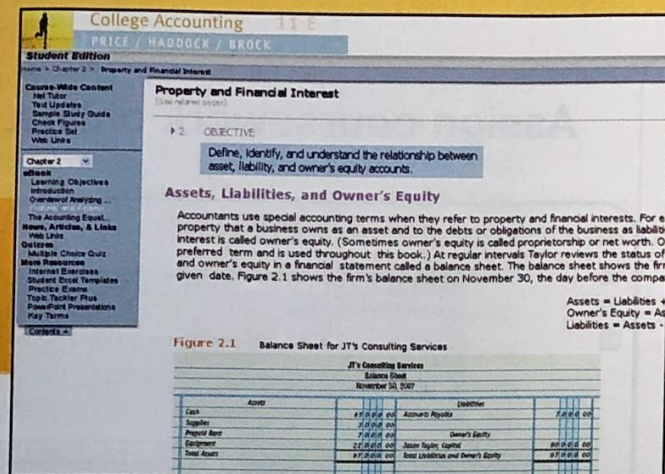
- Assigns book-specific problems/exercises to students
- Provides integrated test bank questions for quizzes and tests
- Automatically grades assignments and quizzes, storing results in one grade book
- Dispenses immediate feedback to students regarding their work



## NetTutor

**NetTutor<sup>TM</sup>** Only available through Homework Manager Plus, NetTutor connects students with qualified tutors online. Students can submit questions online for a response within 24 hours, explore archived questions, or engage in a real-time tutoring session online.





## Interactive Online Version of the Textbook



Online LearningCenter  
with POWERWEB

In addition to the textbook, students can rely on this online version of the text for a convenient way to study. The interactive content is fully integrated with Homework Manager to give students quick access to relevant content as they work through problems, exercises, and practice quizzes.

### Features:

- Online version of the text is integrated with Homework Manager
- Students referred to appropriate sections of online book as they complete an assignment or take a practice quiz
- Direct link to related material that corresponds with the learning objective within the text.



McGraw-Hill's Homework Manager Plus combines the power of Homework Manager with the latest interactive learning technology to create a comprehensive, fully integrated online study package. Students working on assignments in Homework Manager can click a simple hotlink and instantly review the appropriate material in the Interactive Online Textbook. Net-Tutor rounds out the package by offering live tutoring with a qualified tutor on the course material.

By including Homework Manager Plus with your textbook adoption, you're giving your students a vital edge as they progress through the course and ensuring that the help they need is never more than a mouse click away. Contact your McGraw-Hill representative or visit the book's website to learn how to add Homework Manager Plus to your adoption.

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PLUS™



# HOMework MANAGER

## HELPS YOU EFFICIENTLY

McGraw-Hill's

# HOMework MANAGER



TM

Problems and exercises from the book, as well as questions from the test bank, have been integrated into Homework Manager to give you a variety of options as you deliver assignments and quizzes to students via the web. You can choose from static or algorithmic questions and have the graded results automatically stored in your grade book online.

Have you ever wished that you could assign a different set of problems to each of your students, individualizing their educational experience? The algorithmic question capabilities of Homework Manager give you the opportunity to do so. The problem-making function inserts new numbers and data from an endless supply into the set question structure. Each student will have a different answer while learning the same principles from the text. This also enables the students to master concepts by revisiting the same questions with different data.

## Assign coursework online.

1. Choose Name 2. Select Questions 3. Set Policies 4. Review & Finish

Question Bank: Chapter 1

Search by Information Fields:

Topic: [dropdown] First select a field to search, then specify your criteria within that field. Click New Search or R Search to execute your search. Questions matching criteria will be selected in the panel below.

Accrual Accounting: [dropdown]

New Search Refine Search

Add as Items Add as Group

1. Chapter 1 Exercises

- ☒ Exercise 1-1 Add
- ☒ Exercise 1-2 Add
- ☒ Exercise 1-5 Add
- ☒ Exercise 1-6 Add
- ☒ Exercise 1-7 Add
- ☒ Exercise 1-10 Add
- ☒ Exercise 1-11 Add

2. Chapter 1 Cases

- ☐ Research Case 1-3 Add
- ☐ Communication Case 1-6 Add

Delete Move Up

Your assignment: Assignment No questions have been added.

### Problem 2-13: (Appendix 2A) Classification of Labor Costs [LO8]

Lynn Bjorland is employed by Southern Laboratories, Inc., and is directly involved in preparing the company's leading antibiotic (i.e., \$36 per hour) for any work in excess of 40 hours per week.

Required:

- Suppose that in a given week Lynn works 45 hours. Compute Lynn's total wages for the week. How much of this cost would be allocated to direct labor cost? To manufacturing overhead cost?
- Suppose in another week that Lynn works 50 hours but is idle for 4 hours during the week due to equipment breakdown. Compute Lynn's total wages and fringe benefits for the week. If the company's fringe benefits are 15% of wages, how much of the total cost would be allocated to direct labor cost? To manufacturing overhead cost?
- Southern Laboratories has an attractive package of fringe benefits that costs the company \$8 for each hour of employee's time, but is idle for 3 hours due to material shortages. Compute Lynn's total wages and fringe benefits for the week. If the company's fringe benefits are 15% of wages, how much of the total cost would be allocated to direct labor cost? To manufacturing overhead cost?
- Refer to the data in (3) above. If the company treats that part of fringe benefits relating to direct labor as added to direct labor cost? To manufacturing overhead cost?

#### 1. Total wages for the week:

Regular time: 40 hours × \$24 per hour	\$ 960
Overtime: 5 hours × \$36 per hour	180
<b>Total Wages</b>	<b>1140</b>

#### Allocation of total wages:

Direct labor: 45 hours × \$24 per hour	\$
Manufacturing overhead: 5 hours × \$12 per hour	



# MANAGE YOUR CLASS.

## Control how content is presented.

Homework Manager gives you a flexible and easy way to present course work to students. You determine which questions to ask and how much help students will receive as they work through assignments. You can determine the number of attempts a student can make with each problem or provide hints and feedback with each question. The questions can also be linked to an online version of the text for quick and simple reference while completing an assignment.

The screenshot shows the 'Set Policies' tab of the Homework Manager interface. It includes sections for 'Type of Assignment', 'Feedback', and 'Assignment Properties'.

**Type of Assignment:**

- ☐ Anonymous practice
- ☒ Homework or quiz
  - ☐ Always rework the same assignment on return
  - ☐ Offer printable version of assignment
- ☐ Proctored Exam (Requires proctor sign-in to grade)
  - ☐ Also require proctor sign-in to start session
- ☐ Mastery dialog
  - Edit mastery policies
- ☐ Study session dialog
- ☐ Hide assignment from view

**Feedback:**

- ☐ Show hints during the assignment
- ☒ Show the final grade at the end of the assignment
- ☒ Show feedback at the end of the assignment
- ☐ Restrict grade and/or feedback until the assignment (If you have chosen to display grades and/or feedback above, display until after the end date.)
- ☐ Send email reports to [text box]

**Assignment Properties:**

Passing score: [text box] out of 7  
 Time limit: [text box] minutes  
 Questions per page: [text box]

## Track student progress.

Assignments are graded automatically, with the results stored in your private grade book. Detailed results let you see at a glance how each student does on an assignment or an individual problem. You can even see how many attempts it took them to solve it. You can monitor how the whole class does on each problem, and even determine where individual students might need extra help.

The screenshot shows the 'Get Report' window in the Homework Manager. It displays a table with columns for Name, Grade, and Total Weighted %.

Name	Chapter 5 Homework	Chapter 4 Homework	Chapter 3 Homework	Total Weighted %
Andrea L. Abderhalden	10	10	10	100%
Aditya M. Aditya	0	10	10	100%
Jon J. Agard	9.94	10	25.94	100%
Anthony J. Aglata	10	10	9.91	100%
Nicholas J. Ahrent	10	10	10	100%
Abbasdin K. Al-Mutab	10	10	10	100%

The screenshot shows the 'Past Assignments' section of the Homework Manager. It includes student details and a list of past assignments.

**Student Details:**

Name: Anthony J. Aglata  
 Login: aglata  
 ID: 402957901243415  
 Class: Acct 284 Clem  
 Email: aglata@kstate.edu

**Past Assignments:**

Select one of the assignments listed below and click the "See Details" button to see the student's answers and detailed grading, or to regrade an assignment.

Assignment	Date	Score	Time
Chapter 1 Homework	1/26/04 at 5:28 PM	homework 10	Time taken 1421 minutes.
Chapter 2 Homework	1/25/04 at 5:30 PM	homework 8.94	Time taken 1431 minutes.
Chapter 3 Homework	1/23/04 at 5:34 PM	homework 9.63	Time taken 30 minutes.
Chapter 4 Homework	1/25/04 at 4:57 PM	homework 6.78	Time taken 30 minutes.
Chapter 5 Homework	12/8/04 at 6:29 PM	homework 9.91	Time taken 53 minutes.



# PROFESSORS CAN ALLOW HOMEWORK MANAGER TO GIVE STUDENTS HELPEFUL FEEDBACK

## Auto-grading and feedback.

### Question 1: Score 6.5/8

Your response	Correct response																
<p><b>Exercise 2-1: Using Cost Terms [LO2, LO5, LO7]</b></p> <p>Following are a number of cost terms introduced in the chapter:</p> <table> <tr> <td>Period cost</td><td>Fixed cost</td></tr> <tr> <td>Variable cost</td><td>Prime cost</td></tr> <tr> <td>Opportunity cost</td><td>Conversion cost</td></tr> <tr> <td>Product cost</td><td>Sunk cost</td></tr> </table> <p>Choose the cost term or terms above that most appropriately describe the costs identified in each of the following situations. A cost term can be used more than once.</p> <ol style="list-style-type: none"> <li>1. Crestline Books, Inc., prints a small book titled <i>The Pocket Speller</i>. The paper going into the manufacture of the book would be called direct materials and classified as a <b>Product cost</b> (6%). In terms of cost behavior, the paper could also be described as a <b>Product cost</b> (0%) with respect to the number of books printed.</li> <li>2. Instead of compiling the words in the book, the author hired by the company could have earned considerable fees consulting with business organizations. The consulting fees forgone by the author would be called <b>Opportunity cost</b> (6%).</li> <li>3. The paper and other materials used in the manufacture of the book, combined with the direct labor cost involved, would be called <b>Prime cost</b> (6%).</li> <li>4. The salary of Crestline Books' president would be classified as a <b>Product cost</b> (0%), and the salary will appear on the income statement as an expense in the time period in which it is incurred.</li> <li>5. Depreciation on the equipment used to print the book would be classified by Crestline Books as a <b>Product cost</b> (6%). However, depreciation on any equipment used by the company in selling and administrative activities would be classified as a <b>Period cost</b> (6%). In terms of cost behavior, depreciation would probably be classified as a <b>Fixed cost</b> (6%) with respect to the number of books printed.</li> <li>6. A <b>Product cost</b> (6%) is also known as an inventoriable cost,</li> </ol>	Period cost	Fixed cost	Variable cost	Prime cost	Opportunity cost	Conversion cost	Product cost	Sunk cost	<p><b>Exercise 2-1: Using Cost Terms [LO2, LO5, LO7]</b></p> <p>Following are a number of cost terms introduced in the chapter:</p> <table> <tr> <td>Period cost</td><td>Fixed cost</td></tr> <tr> <td>Variable cost</td><td>Prime cost</td></tr> <tr> <td>Opportunity cost</td><td>Conversion cost</td></tr> <tr> <td>Product cost</td><td>Sunk cost</td></tr> </table> <p>Choose the cost term or terms above that most appropriately describe the costs identified in each of the following situations. A cost term can be used more than once.</p> <ol style="list-style-type: none"> <li>1. Crestline Books, Inc., prints a small book titled <i>The Pocket Speller</i>. The paper going into the manufacture of the book would be called direct materials and classified as a <b>Product cost</b>. In terms of cost behavior, the paper could also be described as a <b>variable cost</b> with respect to the number of books printed.</li> <li>2. Instead of compiling the words in the book, the author hired by the company could have earned considerable fees consulting with business organizations. The consulting fees forgone by the author would be called <b>Opportunity cost</b>.</li> <li>3. The paper and other materials used in the manufacture of the book, combined with the direct labor cost involved, would be called <b>Prime cost</b>.</li> <li>4. The salary of Crestline Books' president would be classified as a <b>Period cost</b>, and the salary will appear on the income statement as an expense in the time period in which it is incurred.</li> <li>5. Depreciation on the equipment used to print the book would be classified by Crestline Books as a <b>Product cost</b>. However, depreciation on any equipment used by the company in selling and administrative activities would be classified as a <b>Period cost</b>. In terms of cost behavior, depreciation would probably be classified as a <b>Fixed cost</b> with respect to the number of books printed.</li> <li>6. A <b>Product cost</b> is also known as an inventoriable cost, since</li> </ol>	Period cost	Fixed cost	Variable cost	Prime cost	Opportunity cost	Conversion cost	Product cost	Sunk cost
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Period cost	Fixed cost																
Variable cost	Prime cost																
Opportunity cost	Conversion cost																
Product cost	Sunk cost																

Immediately after finishing an assignment, students can compare their answers side-by-side with the detailed solutions. Students can try again with new numbers to see if they have mastered the concept.



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# College Accounting

## Chapters 1–32

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## COLLEGE ACCOUNTING

Chapters 1-32

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