

Advanced Course

GLENCOE **Accounting**

Real-World Applications & Connections

101 FOR RESALE
C388F03
2-4005

MC GRAW-HILL DONATION



Robert Half International Inc.



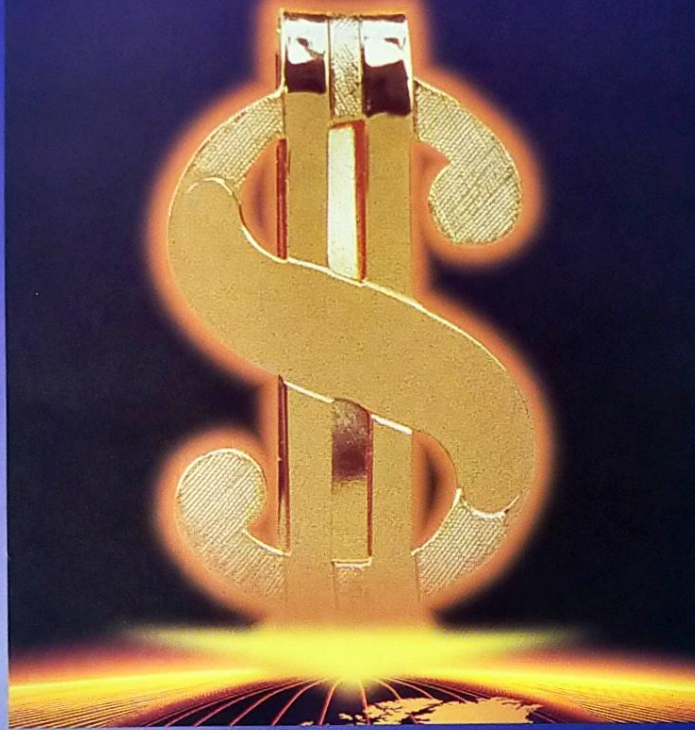
Peachtree

Advanced Course

GLENCOE Accounting

Real-World Applications & Connections

Fourth Edition



Donald J. Guerrieri
Norwin Senior High School
North Huntingdon,
Pennsylvania

F. Barry Haber
Fayetteville State University
Fayetteville,
North Carolina

William B. Hoyt
Wilton High School
Wilton,
Connecticut

Robert E. Turner
Northeast Louisiana University
Monroe,
Louisiana

GIFT OF THE ASIA FOUNDATION
NOT FOR RE-SALE

Visit the **Glencoe Accounting** Internet home page at:

www.glencoe.com/sec/accounting



**Glencoe
McGraw-Hill**

New York, New York Columbus, Ohio Woodland Hills, California Peoria, Illinois

GLENCOE **Accounting**

Real-World Applications & Connections

Student Edition

Teacher's Annotated Edition

Reinforcement

Glencoe Chapter Reviews and Working Papers
Glencoe Chapter Reviews and Working Papers (TAE)
School-to-Work Handbook SE and TM
Demonstration Problems

Simulations

Import Expressions SE and TM

Teaching Aids

Lesson Plans

Performance Assessment Binder

Chapter Tests
Chapter Quizzes
Unit Tests
Audit Tests
Printed Test Bank
Software

The Glencoe Accounting Professional Development Series

Strategies for Teaching Ethics in Accounting
Strategies for Teaching International Accounting
Math Review for Accounting
Internet Resources and Activities Handbook
Accounting Competitive Event Review
Accounting Portfolio
Marketing Your Accounting Program with
Back-to-School Night Activities

Multimedia

Room Zoom: A Guide to Career
Information CD-ROM
Peachtree Complete Software Binder
Glencoe Integrated Accounting
Software Binder
PowerPoint Presentation Software
Glencoe Spreadsheet Templates

Glencoe/McGraw-Hill

A Division of The McGraw-Hill Companies



Copyright © 2000 by Glencoe/McGraw-Hill. All rights reserved. Except as permitted under the United States Copyright Act, no part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without prior written permission of the publisher.

Send all inquiries to:
Glencoe/McGraw-Hill
21600 Oxnard Street, Suite 500
Woodland Hills, CA 91367-4906

ISBN 0-02-815005-8 (Student Edition)
ISBN 0-02-643987-5 (Teacher's Annotated Edition)

Printed in the United States of America.

4 5 6 7 8 9 071 04 03 02 01

MEET OUR AUTHORS

■ Donald J. Guerrieri

Donald J. Guerrieri is an accounting instructor at Norwin Senior High School, North Huntingdon, Pennsylvania. He has taught accounting at both the secondary and college levels. He also has experience working for a firm of certified public accountants. Dr. Guerrieri has written numerous articles on the teaching of accounting for a variety of educational journals. He is also a program speaker at business education seminars and conferences.

■ F. Barry Haber

F. Barry Haber is Professor of Accounting at Fayetteville State University, Fayetteville, North Carolina. Dr. Haber has been teaching accounting principles courses for more than thirty-five years. He is a certified public accountant and has served on the American Institute of Certified Public Accountants (AICPA) Minority Doctoral Fellows Committee. In addition to teaching accounting principles, Dr. Haber has authored three other textbooks, as well as various articles and cases in accounting.

■ William B. Hoyt

William B. Hoyt is an accounting instructor at Wilton High School, Wilton, Connecticut. He has been involved in accounting curriculum development for many years. He was a member of the writing task force for the *National Standards for Business Education* and has published several articles in professional journals. In 1996, Mr. Hoyt was named Connecticut's *Outstanding Business Educator of the Year* and in 1997 was named *National Secondary Teacher of the Year* by the National Business Education Association.

■ Robert E. Turner

Robert E. Turner is the Vice President for Business Affairs at Northeast Louisiana University, Monroe, Louisiana. Mr. Turner has taught accounting and other business subjects at the high school and college levels. Mr. Turner has appeared on local, state, and national programs of a number of business education conferences. He is also a frequent speaker at educational seminars and workshops around the country.

Introducing Glencoe's Business Partners



Peachtree Software began in Atlanta over 20 years ago as a retail computer store selling hardware. In the early 1980's, Peachtree began developing a line of application software products for the home, education, and business markets, with emphasis on accounting products. The company is the first to provide off-the-shelf accounting software for personal computers. With more than a million packages of its accounting software sold, Peachtree is recognized as a leader in the small business accounting market.



Robert Half International Inc. is the world's first and largest staffing service in accounting, financial, banking and information systems. Founded in 1948, Robert Half provides services in both full-time and temporary staffing. They match ideal candidates to clients that have special staffing requirements. With over 200 offices in the United States, Canada, and Europe, Robert Half is committed to quality, customer service, and professionalism.



The American Institute of Certified Public Accountants is a national professional organization for Certified Public Accountants in the United States. With more than 330,000 members, AICPA provides its members with resources and information, enabling them to provide valuable services to employers, clients, and the public.

TABLE OF CONTENTS

Unit 1 The Accounting Cycle


2

CHAPTER 1 Reviewing the First Five Steps in the Accounting Cycle 4

Exploring the Real World of Business: AIRescue International

AIRSCUE




| | | |
|-----------|--|----|
| Section 1 | Reviewing Accounting Concepts and the First Two Steps in the Accounting Cycle | 6 |
| | Analyzing Financial Reports: <i>Letter to Shareholders</i> | 10 |
| | Check Your Understanding | 11 |
| Section 2 | Journalizing Business Transactions | 12 |
| | A Matter of Ethics: <i>Choosing a Job</i> | 23 |
| | Check Your Understanding | 24 |
| | Accounting Careers in Focus: <i>Partner, Price Waterhouse</i> | 25 |
| Section 3 | Posting, Proving Accuracy, and Preparing the Trial Balance | 26 |
| | Check Your Understanding | 34 |
| | Chapter 1 Review and Activities | 36 |
| |  Computerized Accounting: <i>Reviewing the First Five Steps of the Accounting Cycle</i> | 38 |
| | Chapter 1 Problems | 39 |

CHAPTER 2 Reviewing the Final Five Steps in the Accounting Cycle 44

Exploring the Real World of Business: Apache Trail Tours

**Apache Trail
Tours**



| | | |
|-----------|--|----|
| Section 1 | The Ten-Column Work Sheet | 46 |
| | A Matter of Ethics: <i>Unfair Sales Tactics?</i> | 53 |
| | Check Your Understanding | 54 |
| Section 2 | Preparing Financial Statements | 55 |
| | Analyzing Financial Reports: <i>Operating Highlights</i> | 59 |
| | Check Your Understanding | 60 |
| Section 3 | Journalizing and Posting the Closing Entries and the Post-Closing Trial Balance | 61 |
| | Check Your Understanding | 64 |
| | Chapter 2 Review and Activities | 66 |
| |  Computerized Accounting: <i>Reviewing the Final Five Steps of the Accounting Cycle</i> | 68 |
| | Chapter 2 Problems | 69 |



| | |
|--|----|
| Mini Practice Set: J. Lloyd Enterprises | |
| <i>Completing an Accounting Cycle for a Merchandising Business</i> | 72 |

TABLE OF CONTENTS

Unit 2 Accounting for Assets, Liabilities, and Equity



76


CHAPTER 3 Cash, Short-Term Investments, and Accounts Receivable

78

Exploring the Real World of Business: Hillerich & Bradsby Company



Louisville Slugger®

| | | |
|---|---|-----|
| Section 1 | Accounting for Cash and Short-Term Investments | 80 |
| | A Matter of Ethics: <i>Company Information</i> | 88 |
| | Check Your Understanding | 89 |
| Section 2 | Accounting for Accounts Receivable | 90 |
| | Analyzing Financial Reports: <i>Reading Charts</i> | 104 |
| | Check Your Understanding | 105 |
| | Accounting Careers in Focus: <i>Senior General Accountant</i> | 106 |
| | Chapter 3 Review and Activities | 108 |
|  | Computerized Accounting: <i>Cash, Short-Term Investments, and Accounts Receivable</i> | 110 |
| | Chapter 3 Problems | 111 |

CHAPTER 4 Notes Receivable

114

Exploring the Real World of Business: Wells Fargo

Wells Fargo





| | | |
|---|--|-----|
| Section 1 | Negotiable Instruments | 116 |
| | A Matter of Ethics: <i>"No Gifts" Policy</i> | 119 |
| | Check Your Understanding | 120 |
| Section 2 | Notes Receivable | 121 |
| | Check Your Understanding | 125 |
| Section 3 | Discounting Notes Receivable | 126 |
| | Analyzing Financial Reports: <i>Ratio Analysis</i> | 133 |
| | Check Your Understanding | 134 |
| | Chapter 4 Review and Activities | 136 |
|  | Computerized Accounting: <i>Notes Receivable</i> | 138 |
| | Chapter 4 Problems | 139 |

TABLE OF CONTENTS

CHAPTER 5 Accounting for Inventories 142

Exploring the Real World of Business: Tower Records




| | | |
|-----------|--|-----|
| Section 1 | Determining the Quantity of Inventories | 144 |
| | A Matter of Ethics: <i>Profits vs. Cheap Labor</i> | 146 |
| | Check Your Understanding | 147 |
| Section 2 | Assigning Costs to Ending Inventory | 148 |
| | Check Your Understanding | 152 |
| | Accounting Careers in Focus: <i>Controller</i> | 153 |
| Section 3 | Inventory Valuation, Reporting, and Analysis | 154 |
| | Analyzing Financial Reports: <i>Checking Inventories</i> | 159 |
| | Check Your Understanding | 160 |
| | Chapter 5 Review and Activities | 162 |
| |  Computerized Accounting: <i>Accounting for Inventories</i> | 164 |
| | Chapter 5 Problems | 165 |

CHAPTER 6 Property, Plant, and Equipment Assets and Intangible Assets 168

Exploring the Real World of Business: Caterpillar Inc.



| | | |
|-----------|--|-----|
| Section 1 | Determining Costs and Depreciation of Plant Assets | 170 |
| | A Matter of Ethics: <i>The Cost of Clean Air</i> | 173 |
| | Check Your Understanding | 174 |
| Section 2 | Calculating and Recording Depreciation | 175 |
| | Check Your Understanding | 182 |
| Section 3 | Disposing of Plant Assets | 183 |
| | Analyzing Financial Reports: <i>Evaluating Plant Assets</i> | 189 |
| | Check Your Understanding | 190 |
| | Chapter 6 Review and Activities | 192 |
| |  Computerized Accounting: <i>Property, Plant, and Equipment</i> | 194 |
| | Chapter 6 Problems | 195 |



Mini Practice Set: Touch of Country Gifts
Accounting for Current and Long-Term Assets


TABLE OF CONTENTS

CHAPTER 7 Notes Payable, Accounts Payable, and Other Current Liabilities 200

Exploring the Real World of Business: Dallas Cowboys

Dallas Cowboys




| | | |
|-----------|--|-----|
| Section 1 | Interest-Bearing Notes Payable | 202 |
| | Analyzing Financial Reports: <i>Checking Out Current Liabilities</i> | 208 |
| | Check Your Understanding | 209 |
| Section 2 | Noninterest-Bearing Notes Payable | 210 |
| | Check Your Understanding | 216 |
| | Accounting Careers in Focus: <i>Business Design Analyst</i> | 217 |
| Section 3 | Accounts Payable and Other Current Liabilities | 218 |
| | A Matter of Ethics: <i>Toy Scalping</i> | 225 |
| | Check Your Understanding | 226 |
| | Chapter 7 Review and Activities | 228 |
| |  Computerized Accounting: <i>Notes Payable, Accounts Payable, and Other Current Liabilities</i> | 230 |
| | Chapter 7 Problems | 231 |

CHAPTER 8 Long-Term Liabilities 234

Exploring the Real World of Business: Revlon

Revlon



| | | |
|-----------|---|-----|
| Section 1 | Acquiring Funds | 236 |
| | Check Your Understanding | 241 |
| Section 2 | Bonds Payable Transactions | 242 |
| | A Matter of Ethics: <i>Is This Insider Trading?</i> | 252 |
| | Check Your Understanding | 253 |
| Section 3 | Redemption of Bonds and the Bond Sinking Fund | 254 |
| | Analyzing Financial Reports: <i>Looking at Long-Term Debt</i> | 259 |
| | Check Your Understanding | 260 |
| | Chapter 8 Review and Activities | 262 |
| |  Computerized Accounting: <i>Long-Term Liabilities</i> | 264 |
| | Chapter 8 Problems | 265 |



Mini Practice Set: Metro Sports World Inc.
Accounting for Liabilities

268

TABLE OF CONTENTS

CHAPTER 9 Stockholders' Equity: Contributed Capital 272

Exploring the Real World of Business: The Boeing Company

The Boeing Company

| | | |
|-----------|---|-----|
| Section 1 | Forming a Corporation | 274 |
| | A Matter of Ethics: <i>Ethics Overseas</i> | 278 |
| | Check Your Understanding | 279 |
| Section 2 | Issuing Common and Preferred Stock | 280 |
| | Check Your Understanding | 285 |
| | Accounting Careers in Focus: <i>Lead Instructor</i> | 286 |
| Section 3 | Issuing No-Par Stock and Stock Subscriptions | 287 |
| | Analyzing Financial Reports: <i>Evaluating Return on Stockholders' Equity</i> | 293 |
| | Check Your Understanding | 294 |
| | Chapter 9 Review and Activities | 296 |
| | Computerized Accounting: <i>Stockholders' Equity: Paid-In Contributed Capital</i> | 298 |
| | Chapter 9 Problems | 299 |

CHAPTER 10 Stockholders' Equity: Earnings and Distributions 304

Exploring the Real World of Business: PepsiCo Inc.

PepsiCo Inc.

| | | |
|-----------|--|-----|
| Section 1 | Dividends and Stock Splits | 306 |
| | Analyzing Financial Reports: <i>Looking at Corporate Earnings</i> | 312 |
| | Check Your Understanding | 313 |
| Section 2 | Accounting for Treasury Stock | 314 |
| | A Matter of Ethics: <i>Investing Employee Money</i> | 318 |
| | Check Your Understanding | 319 |
| Section 3 | Accounting for the Appropriation of Retained Earnings | 320 |
| | Check Your Understanding | 322 |
| | Chapter 10 Review and Activities | 324 |
| | Computerized Accounting: <i>Stockholders' Equity: Earnings and Distributions</i> | 326 |
| | Chapter 10 Problems | 327 |



TABLE OF CONTENTS

CHAPTER 11 The Work Sheet, Adjustments, and Financial Statements 332

Exploring the Real World of Business: Merck & Co.



MERCK

| | | |
|-----------|---|-----|
| Section 1 | The Eight-Column Work Sheet | 334 |
| | A Matter of Ethics: <i>Anticipating Sales</i> | 341 |
| | Check Your Understanding | 342 |
| | Accounting Careers in Focus: <i>Recruiting Manager</i> | 343 |
| Section 2 | Preparing End-of-Period Financial Statements | 344 |
| | Analyzing Financial Reports: <i>Evaluating Stockholders' Equity</i> | 350 |
| | Check Your Understanding | 352 |
| | Chapter 11 Review and Activities | 354 |
| | Computerized Accounting: <i>Work Sheet and Financial Statements</i> | 356 |
| | Chapter 11 Problems | 357 |



Mini Practice Set: Cloverleaf Computer Services Inc.
Accounting for a Publicly Held Corporation

360

IMPORT EXPRESSIONS INC.

An Accounting Simulation Using Special Journals and Covering a Publicly Held Merchandising Corporation

Unit 3 Understanding Business Information 364



CHAPTER 12 Analyzing and Interpreting Financial Statements 366

Exploring the Real World of Business: Sprint Communications Company



**Sprint
Communications
Company**

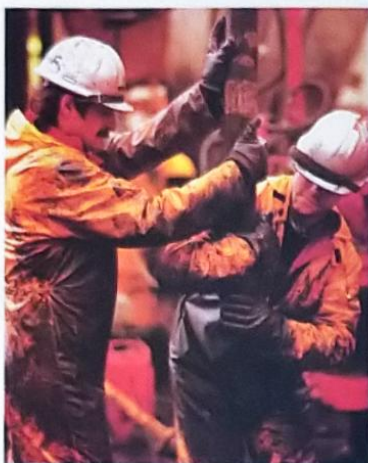
| | | |
|-----------|---|-----|
| Section 1 | Horizontal Analysis | 368 |
| | A Matter of Ethics: <i>Cutting Corners</i> | 370 |
| | Check Your Understanding | 371 |
| Section 2 | Vertical Analysis | 372 |
| | Check Your Understanding | 374 |
| Section 3 | Working Capital and Ratio Analysis | 375 |
| | Analyzing Financial Reports: <i>Liquidity</i> | 381 |
| | Check Your Understanding | 382 |
| | Chapter 12 Review and Activities | 384 |
| | Computerized Accounting: <i>Analyzing and Interpreting Financial Statements</i> | 386 |
| | Chapter 12 Problems | 387 |


TABLE OF CONTENTS

CHAPTER 13 The Statement of Cash Flows 390

Exploring the Real World of Business: Occidental Petroleum Corporation

Occidental Petroleum Corporation



| | | |
|---|--|-----|
| Section 1 | Understanding Cash Flows | 392 |
| | A Matter of Ethics: <i>Where Is This Cash Coming From?</i> | 393 |
| | Check Your Understanding | 394 |
| Section 2 | Preparing the Statement of Cash Flows—Operating Activities | 395 |
| | Check Your Understanding | 403 |
| Section 3 | Completing the Statement of Cash Flows | 404 |
| | Analyzing Financial Reports: <i>Planning for Cash</i> | 408 |
| | Check Your Understanding | 409 |
| | Accounting Careers in Focus: <i>Director of Payroll and Accounting</i> | 410 |
| | Chapter 13 Review and Activities | 412 |
|  | Computerized Accounting: <i>The Statement of Cash Flows</i> | 414 |
| | Chapter 13 Problems | 415 |


Unit 4 Accounting for Other Forms of Organization 420



CHAPTER 14 Partnerships: Formation, Dissolution, and Liquidation 422

Exploring the Real World of Business: Skidmore, Owings & Merrill LLP

SOM

| | | |
|---|---|-----|
| Section 1 | Accounting for a Partnership | 424 |
| | Analyzing Financial Reports: <i>Evaluating Return on Assets</i> | 429 |
| | Check Your Understanding | 430 |
| Section 2 | Dissolution of a Partnership | 431 |
| | Check Your Understanding | 435 |
| Section 3 | Liquidation of a Partnership | 436 |
| | A Matter of Ethics: <i>Tax Information</i> | 439 |
| | Check Your Understanding | 440 |
| | Chapter 14 Review and Activities | 442 |
|  | Computerized Accounting: <i>Partnerships: Formation, Dissolution, and Liquidation</i> | 444 |
| | Chapter 14 Problems | 445 |

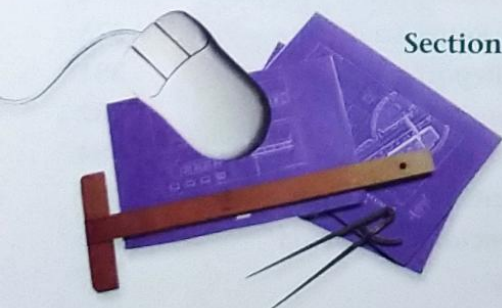



TABLE OF CONTENTS

CHAPTER 15 Partnerships: Division of Profits and Losses 448

Exploring the Real World of Business: Arthur Andersen

Arthur Andersen



| | | |
|---|--|-----|
| Section 1 | Dividing Profits and Losses | 450 |
| | Analyzing Financial Reports: <i>Price-Earnings Ratios</i> | 455 |
| | Check Your Understanding | 456 |
| Section 2 | Dividing Profits and Losses Based on Salary or Interest Allowances | 457 |
| | Check Your Understanding | 462 |
| | Accounting Careers in Focus: <i>Audit Division Manager</i> | 463 |
| Section 3 | Preparing Financial Statements for a Partnership | 464 |
| | A Matter of Ethics: <i>Bribery or Business Expense?</i> | 465 |
| | Check Your Understanding | 466 |
| | Chapter 15 Review and Activities | 468 |
|  | Computerized Accounting: <i>Division of Profits and Losses</i> | 470 |
| | Chapter 15 Problems | 471 |

CHAPTER 16 Not-for-Profit Organizations: Budgeting and Control 474

Exploring the Real World of Business: Sierra Club

Sierra Club




| | | |
|---|---|-----|
| Section 1 | The Budgeting Process | 476 |
| | A Matter of Ethics: <i>Profiting from a Not-for-Profit Organization</i> | 478 |
| | Check Your Understanding | 479 |
| Section 2 | Preparing a Budget | 480 |
| | Analyzing Financial Reports: <i>Projecting Future Data</i> | 486 |
| | Check Your Understanding | 488 |
| Section 3 | Controlling the Budget | 489 |
| | Check Your Understanding | 492 |
| | Chapter 16 Review and Activities | 494 |
|  | Computerized Accounting: <i>Not-for-Profit Organizations: Budgeting and Control</i> | 496 |
| | Chapter 16 Problems | 497 |




TABLE OF CONTENTS

CHAPTER 17 Not-for-Profit Organizations: Financial Reporting 502

Exploring the Real World of Business: Smithsonian Institution

Smithsonian Institution



| | | |
|---|---|-----|
| Section 1 | Statement of Activities | 504 |
| | Check Your Understanding | 510 |
| | Accounting Careers in Focus: <i>Business Development Manager</i> | 511 |
| Section 2 | Statement of Financial Position | 512 |
| | Analyzing Financial Reports: <i>Looking at Operating Results</i> | 514 |
| | Check Your Understanding | 515 |
| Section 3 | Notes to Financial Statements | 516 |
| | A Matter of Ethics: <i>Faking Financial Documents</i> | 516 |
| | Check Your Understanding | 518 |
| | Chapter 17 Review and Activities | 520 |
|  | Computerized Accounting: <i>Not-for-Profit Organizations: Financial Reporting</i> | 522 |
| | Chapter 17 Problems | 523 |

Unit 5 Special Accounting Systems 528



CHAPTER 18 Departmental Accounting Systems 530

Exploring the Real World of Business: Wal-Mart Stores Inc.

Wal-Mart Stores Inc.


| | | |
|---|---|-----|
| Section 1 | Accounting by Department | 532 |
| | Check Your Understanding | 536 |
| Section 2 | Departmental Operating Expenses | 537 |
| | A Matter of Ethics: <i>Manufacturing Claims</i> | 541 |
| | Check Your Understanding | 542 |
| Section 3 | Net Income from Operations by Department | 543 |
| | Analyzing Financial Reports: <i>Evaluating Business Divisions</i> | 551 |
| | Check Your Understanding | 552 |
| | Chapter 18 Review and Activities | 554 |
|  | Computerized Accounting: <i>Departmental Accounting Systems</i> | 556 |
| | Chapter 18 Problems | 557 |




TABLE OF CONTENTS

CHAPTER 19 Branch Accounting 562

Exploring the Real World of Business: Federated Department Stores Inc.



**Federated
Department
Stores Inc.**

| | | |
|-----------|---|-----|
| Section 1 | Multistore Businesses | 564 |
| | A Matter of Ethics: <i>Franchisee Ethics</i> | 568 |
| | Check Your Understanding | 569 |
| Section 2 | Journalizing Transactions in a Centralized Accounting System | 570 |
| | Analyzing Financial Reports: <i>Checking Out Branch Data</i> | 581 |
| | Check Your Understanding | 582 |
| | Accounting Careers in Focus: <i>Fixed Asset Accountant/Inventory Manager</i> | 583 |
| Section 3 | End-of-Fiscal-Period Procedures | 584 |
| | Check Your Understanding | 588 |
| | Chapter 19 Review and Activities | 590 |
| |  Computerized Accounting: Branch Accounting | 592 |
| | Chapter 19 Problems | 593 |

CHAPTER 20 Internal Control and the Voucher System 598

Exploring the Real World of Business: The Home Depot

**The
Home Depot**




| | | |
|-----------|---|-----|
| Section 1 | The Voucher System | 600 |
| | Analyzing Financial Reports: <i>Controlling Purchases</i> | 607 |
| | Check Your Understanding | 608 |
| Section 2 | Transactions Requiring Special Treatment | 609 |
| | A Matter of Ethics: <i>Using Company Cash</i> | 613 |
| | Check Your Understanding | 614 |
| | Chapter 20 Review and Activities | 616 |
| |  Computerized Accounting: Internal Control and the Voucher System | 618 |
| | Chapter 20 Problems | 619 |

TABLE OF CONTENTS

CHAPTER 21 Manufacturing Accounting 624

Exploring the Real World of Business: Ford Motor Company



| | | |
|-----------|---|-----|
| Section 1 | Manufacturing Activities | 626 |
| | Analyzing Financial Reports: <i>Looking at Inventory Management</i> | 632 |
| | Check Your Understanding | 633 |
| Section 2 | Year-End Activities | 634 |
| | A Matter of Ethics: <i>Overcharging or Expense Management?</i> | 642 |
| | Check Your Understanding | 643 |
| | Accounting Careers in Focus: <i>Controller</i> | 644 |
| | Chapter 21 Review and Activities | 646 |
| | Computerized Accounting: <i>Manufacturing Accounting</i> | 648 |
| | Chapter 21 Problems | 649 |



CHAPTER 22 Product Costing: Job Order and Process Cost Accounting Systems 654

Exploring the Real World of Business: Dell Computer Corporation



| | | |
|-----------|--|-----|
| Section 1 | Costing a Product by Job Order | 656 |
| | A Matter of Ethics: <i>Hiding Costs</i> | 668 |
| | Check Your Understanding | 669 |
| Section 2 | Costing a Product by Process | 670 |
| | Analyzing Financial Reports: <i>Evaluating Cost Data</i> | 679 |
| | Check Your Understanding | 680 |
| | Chapter 22 Review and Activities | 682 |
| | Computerized Accounting: <i>Product Costing: Job and Process Cost Accounting Systems</i> | 684 |
| | Chapter 22 Problems | 685 |



TABLE OF CONTENTS

Unit 6 Accounting for Business Decisions




692

CHAPTER 23 Managerial Cost Control 694

Exploring the Real World of Business: GUESS? Inc.

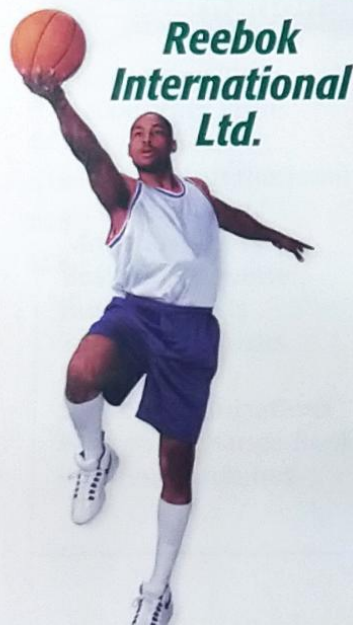


GUESS?, INC.

| | | |
|-----------|---|-----|
| Section 1 | Cost Behavior: Variable and Fixed | 696 |
| | Analyzing Financial Reports: <i>Evaluating Operating Expense</i> | 700 |
| | Check Your Understanding | 701 |
| Section 2 | Cost Behavior: Mixed | 702 |
| | A Matter of Ethics: <i>Copying Software</i> | 704 |
| | Check Your Understanding | 705 |
| | Accounting Careers in Focus: <i>Assistant Controller</i> | 706 |
| | Chapter 23 Review and Activities | 708 |
| |  Computerized Accounting: <i>Managerial Cost Control</i> | 710 |
| | Chapter 23 Problems | 711 |

CHAPTER 24 Cost-Volume-Profit Relationships 714

Exploring the Real World of Business: Reebok International Ltd.



**Reebok
International
Ltd.**



| | | |
|-----------|--|-----|
| Section 1 | The Contribution Margin | 716 |
| | Analyzing Financial Reports: <i>How Efficient Is Management?</i> | 721 |
| | Check Your Understanding | 722 |
| Section 2 | Analyzing Profit and Costs | 723 |
| | A Matter of Ethics: <i>Inflating Sales</i> | 727 |
| | Check Your Understanding | 728 |
| | Chapter 24 Review and Activities | 730 |
| |  Computerized Accounting: <i>Cost-Volume-Profit Relationships</i> | 732 |
| | Chapter 24 Problems | 733 |

TABLE OF CONTENTS

CHAPTER 25 Using Cost Data for Pricing Decisions 736

Exploring the Real World of Business: Sportmart

| | | |
|------------------|--|-----|
| Sportmart | | |
| Section 1 | Cost-Plus Pricing | 738 |
| | A Matter of Ethics: <i>Getting the Best Price</i> | 742 |
| | Check Your Understanding | 743 |
| | Accounting Careers in Focus: <i>Tax Attorney/ Director of Graduate Tax Program</i> | 744 |
| Section 2 | Time and Materials Pricing | 745 |
| | Analyzing Financial Reports: <i>Evaluating Prices and Volume</i> | 747 |
| | Check Your Understanding | 748 |
| | Chapter 25 Review and Activities | 750 |
| |  Computerized Accounting: <i>Using Cost Data for Pricing Decisions</i> | 752 |
| | Chapter 25 Problems | 753 |



| | | |
|------------|---|-----|
| Appendix A | Timberland Annual Report | 756 |
| Appendix B | Additional Reinforcement Problems | 772 |
| Appendix C | Answers to <i>Check Your Understanding</i> Activities | 792 |
| Glossary | | 812 |
| Index A | | 824 |
| Index B | Real-World Applications and Connections | 835 |
| Credits | | |