



Principles of Financial Accounting

Eighteenth Edition

Wild

Larson

Chiappetta

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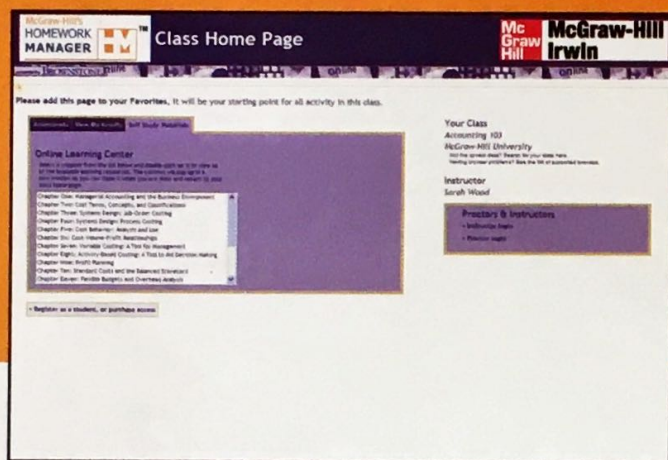
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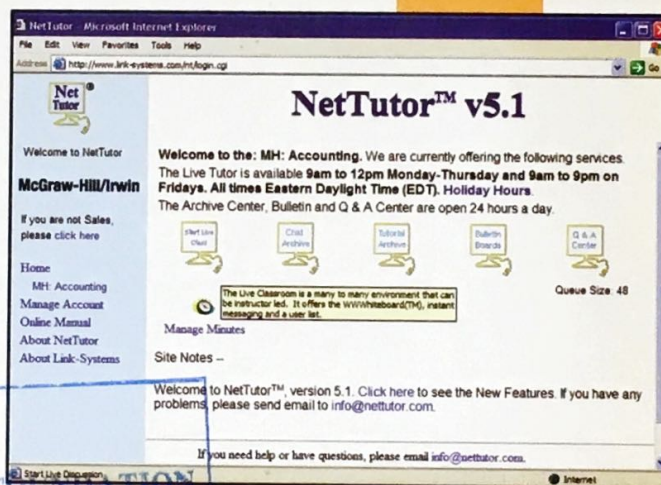


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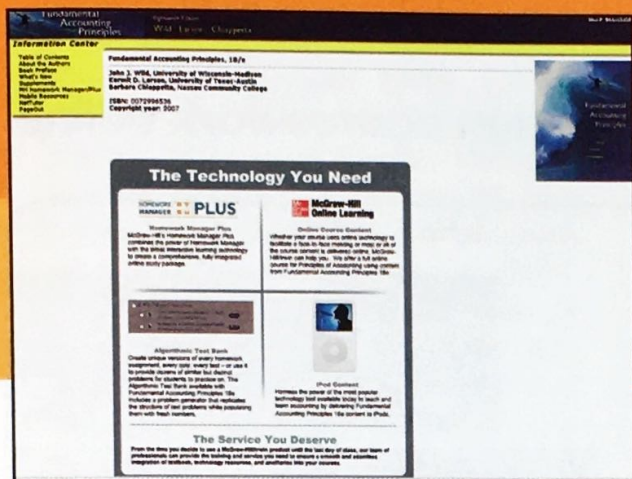
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Only available through Homework Manager Plus, NetTutor connects students with qualified tutors online. Students can submit questions online for a response within 24 hours, explore archived questions, or engage in a real-time tutoring session online.



Interactive Online Version of the Textbook

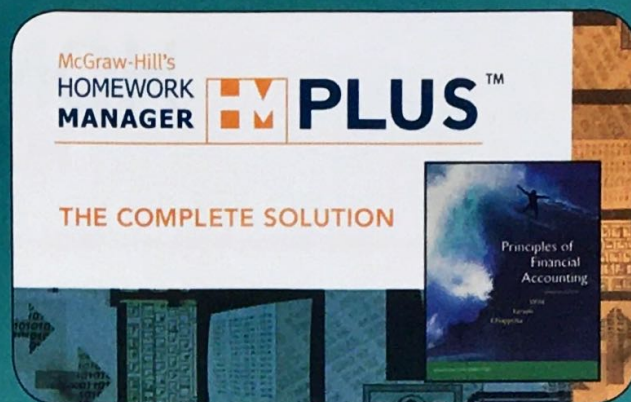


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with POWERWEB

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 integrated with Homework Manager
- Students referred to appropriate sections of the online book as they complete an assignment or take a practice quiz
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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.

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. Lynn is paid \$24 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 30 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 treats that part of fringe benefits relating to direct labor as added 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. Compute Lynn's total wages and fringe benefits for the week. If the company treats that part of fringe benefits relating to direct labor as added 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
Total Wages	1140

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 students complete an assignment.

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

Advanced

Your assignment: Assignment 1

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:

Assignment Properties:

Passing score: out of 7

Time limit: minutes

Questions per page: 1

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.

Get Report

Name	Chapter 3 Homework	Chapter 4 Homework	Chapter 5 Homework	Total Weighted S.
Andrew L. Abderhalden	10	10	10	30 0%
Adenwaka M. Adenwaka		0	10	10 0%
Jan J. Agard	10	9.54	10	29.54 0%
Anthony J. Aglita		10	9.91	19.91 0%
Nicholas J. Ahrens		10	10	20 0%
Harold H. Ahlrich	10	10	10	30 0%

Close Show Hidden Edit **Search Details**

Name: Anthony J. Aglita
Login: aaglita
ID: 6009576012436415
Class: Acct 284 Clem
Email: aaglita@louisiana.edu

The most recent assignment that the student took was started on 2/14/04 at 3:18 PM. The student has taken a total of 8 homework assignments. There is no currently active test.

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.

- Chapter 1 Homework: ☐ 1/26/04 at 5:28 PM - homework 10 - Time taken 1421 minutes.
- ☐ 1/25/04 at 5:30 PM - homework 8.94 - Time taken 1421 minutes.
- Chapter 2 Homework: ☐ 1/28/04 at 5:14 PM - homework 9.62 - Time taken 30 minutes.
- ☐ 1/28/04 at 4:57 PM - homework 6.78 - Time taken 30 minutes.
- Chapter 3 Homework: ☐ 2/8/04 at 4:29 PM - homework 9.91 - Time taken 52 minutes.

PROFESSORS CAN ALLOW HOMEWORK MANAGER TO GIVE STUDENTS HELPFUL FEEDBACK

Auto-grading and feedback.

Question 1: Score 6.5/8

Your response	
Exercise 2-1: Using Cost Terms [LO2, LO5, LO7]	
Following are a number of cost terms introduced in the chapter:	
Period cost	Fixed cost
Variable cost	Prime cost
Opportunity cost	Conversion cost
Product cost	Sunk cost

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.

1. Crestline Books, Inc., prints a small book titled *The Pocket Speller*. The paper going into the manufacture of the book would be called direct materials and classified as a **Product cost** (6%). In terms of cost behavior, the paper could also be described as a **Product cost** (0%) with respect to the number of books printed.
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 **Opportunity cost** (6%).
3. The paper and other materials used in the manufacture of the book, combined with the direct labor cost involved, would be called **Prime cost** (6%).
4. The salary of Crestline Books' president would be classified as a **Product cost** (0%), and the salary will appear on the income statement as an expense in the time period in which it is incurred.
5. Depreciation on the equipment used to print the book would be classified by Crestline Books as a **Product cost** (6%). However, depreciation on any equipment used by the company in selling and administrative activities would be classified as a **Period cost** (6%). In terms of cost behavior, depreciation would probably be classified as a **Fixed cost** (6%) with respect to the number of books printed.
6. A **Product cost** (6%) is also known as an inventoriable cost.

Correct response	
Exercise 2-1: Using Cost Terms [LO2, LO5, LO7]	
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6. A **Product cost** is also known as an inventoriable cost, since

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.

18

edition

Principles of Financial Accounting

John J. Wild

University of Wisconsin at Madison

Kermit D. Larson

University of Texas at Austin

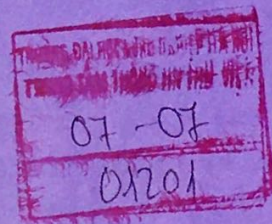
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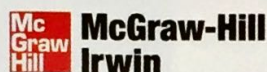
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QUÀ TẶNG CỦA QUỸ CHÂU Á
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To my wife **Gail** and children, **Kimberly, Jonathan, Stephanie, and Trevor.**
 To my wife **Nancy.**
 To my husband **Bob**, my sons **Michael and David**, and my **mother.**



FUNDAMENTAL ACCOUNTING PRINCIPLES

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Dear Colleagues/Friends,

As we roll out the 18th edition of *Principles of Financial Accounting*, we wish to thank each of you who adopted the prior edition. As teachers, we appreciate the importance of selecting the best textbook. We are humbled that you have helped make our book the fastest growing accounting principles textbook on the market—with the number of users growing by 45% over the past two editions. Our publisher, McGraw-Hill/Irwin, recognized this remarkable growth by selecting this book for its “Outstanding Revision of the Year” award.

Our goal in this edition is to further that success. In the past couple years, we again listened closely to you, to our own students, and to our colleagues across the country. As a result, this edition addresses the needs of you and your students better than any previous edition. Above all, we enhanced aspects of the book that contribute to its current success: cutting-edge technology, engaging and accurate content, and clear and concise writing.

Instructors and students tell us this edition’s technology package caters to different learning styles and helps students better learn accounting. For example, Homework Manager Plus offers new features to enhance student learning and assist instructor grading. iPod Content lets students study on the go, and the new Algorithmic Test Bank provides an infinite number of exam problems. We believe you and your students will find these technology learning tools both easy to use and highly valuable.

We owe a huge debt of gratitude to the hundreds of colleagues like you who took time to discuss with us the needs of today’s instructors and students. We feel fortunate to witness our profession’s extraordinary devotion to teaching and helping students learn accounting. Your feedback and suggestions are reflected in everything we write. Please accept our heartfelt thanks for your dedication in helping today’s students understand and appreciate accounting.

With kindest regards,

John J. Wild

Kermit D. Larson

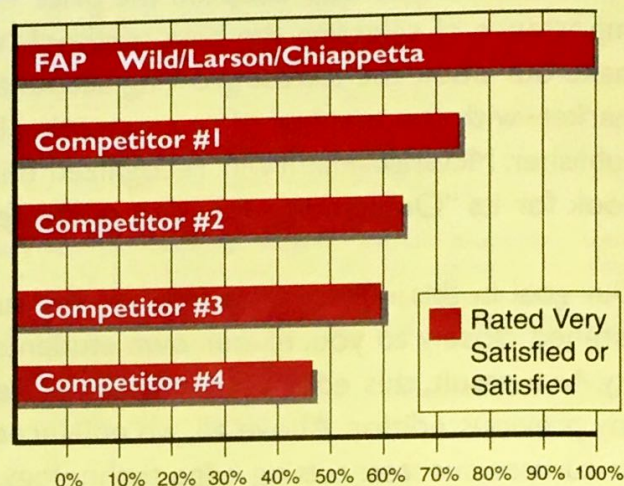
Barbara Chiappetta



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"This is an excellent book and one of the best on the market. The topical coverage and the sequence of coverage surpass anything on the market."

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"Better coverage of the accounting cycle (Chapters 1-4) and the quality of the quick study exercises and exercises at the end of the chapter."

Lynette Yerbury, Salt Lake Community College

"Readable, readable, readable! I love the book. It's easy to read. There are tons of homework problems available."

Janice Stoudemire, Midlands Technical College

"I am impressed with the overall clarity of the managerial chapters. Not only is the readability excellent, but also the authors have an ability to clearly explain both the simple and complex concepts. These chapters are excellent- far better than my current textbook."

Shirly Kleiner, Johnson County Community College

"Well-written, organized, and covers the main concepts necessary for fundamental accounting courses."

Larry Swisher, Muskegon Community College

"A good textbook with good homework assignments and supplements backed by an organization that really cares about what instructors want in a textbook."

Janet Adeyiga, Hampton University

"Demonstration Problems and application to real life cases and problems included in each chapter."



John J. Wild is a professor of accounting and the Robert and Monica Beyer Distinguished Professor at the University of Wisconsin at Madison. He previously held appointments at Michigan State University and the University of Manchester in England. He received his BBA, MS, and PhD from the University of Wisconsin.



Professor Wild teaches accounting courses at both the undergraduate and graduate levels. He has received the Mabel W. Chipman Excellence-in-Teaching Award, the departmental Excellence-in-Teaching Award, and the Teaching Excellence Award from the 2003 and 2005 business graduates at the University of Wisconsin. He also received the Beta Alpha Psi and Roland F. Salmonson Excellence-in-Teaching Award from Michigan State University. Professor Wild is a past KPMG Peat Marwick National Fellow and is a recipient of fellowships from the American Accounting Association and the Ernst and Young Foundation.

Professor Wild is an active member of the American Accounting Association and its sections. He has served on several committees of these organizations, including the Outstanding Accounting Educator Award, Wildman Award, National Program Advisory, Publications, and Research Committees. Professor Wild is author of *Financial Accounting* and *Financial Statement Analysis*, both published by McGraw-Hill/Irwin. His research appears in *The Accounting Review*, *Journal of Accounting Research*, *Journal of Accounting and Economics*, *Contemporary Accounting Research*, *Journal of Accounting, Auditing and Finance*, *Journal of Accounting and Public Policy*, and other journals. He is past associate editor of *Contemporary Accounting Research* and has served on several editorial boards including *The Accounting Review*.

Professor Wild, his wife, and four children enjoy travel, music, sports, and community activities.

Kermit D. Larson is the Arthur Andersen & Co. Alumni Professor of Accounting Emeritus at the University of Texas at Austin. He served as chairman of the University of Texas Department of Accounting and was visiting professor at Tulane University. His scholarly articles have been published in a variety of journals, including *The Accounting Review*, *Journal of Accountancy*, and *Abacus*. He is the author of several books, including *Financial Accounting* and *Fundamentals of Financial and Managerial Accounting*, both published by McGraw-Hill/Irwin.



Professor Larson is a member of the American Accounting Association, the Texas Society of CPAs, and the American Institute of CPAs. His positions with the AAA have included vice president, southwest regional vice president, and chairperson of several committees, including the Committee of Concepts and Standards. He was a member of the committee that planned the first AAA doctoral consortium and served as its director.

Professor Larson served as president of the Richard D. Irwin Foundation. He also served on the Accounting Accreditation Committee and on the Accounting Standards Committee of the AACSB. He was a member of the Constitutional Drafting Committee of the Federation of Schools of Accountancy and a member of the Commission on Professional Accounting Education. He has been an expert witness on cases involving mergers, antitrust litigation, consolidation criteria, franchise taxes, and expropriation of assets by foreign governments. Professor Larson served on the Board of Directors and Executive Committee of Tekcon, Inc., and on the National Accountants Advisory Board of Safe-Guard Business Systems. In his leisure time, he enjoys skiing and is an avid sailor and golfer.

Barbara Chiappetta received her BBA in Accountancy and MS in Education from Hofstra University and is a tenured full professor at Nassau Community College. For the past 17 years, she has been an active executive board member of the Teachers of Accounting at Two-Year Colleges (TACTYC), serving 10 years as vice president and as president from 1993 through 1999. As an active member of the American Accounting Association, she has served on the Northeast Regional Steering Committee, chaired the Curriculum Revision Committee of the Two-Year Section, and participated in numerous national committees.



In 1998, Professor Chiappetta was inducted into the American Accounting Association Hall of Fame for the Northeast Region. She received the Nassau Community College dean of instruction's Faculty Distinguished Achievement Award in 1995. Professor Chiappetta was honored with the State University of New York Chancellor's Award for Teaching Excellence in 1997. As a confirmed believer in the benefits of the active learning pedagogy, Professor Chiappetta has authored *Student Learning Tools*, an active learning workbook for a first-year accounting course, published by McGraw-Hill/Irwin.

In her leisure time, Professor Chiappetta enjoys tennis and participates on a U.S.T.A. team. She also enjoys the challenge of bridge. Her husband, Robert, is an entrepreneur in the leisure sport industry. She has two sons—Michael, a lawyer, specializing in intellectual property law in New York, and David, a composer, pursuing a career in music for film in Los Angeles.