Fundamental Financial Accounting Concepts

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This book is dedicated to our students, whose questions have so frequently caused us to reevaluate our method of presentation that they have, in fact, become major contributors to the development of this text.
Why should you adopt this textbook? Because it does a better job of teaching traditional introductory accounting concepts. Indeed, we view ourselves as innovative traditionalists. We don’t aim to radically transform accounting education, but instead to make it more effective. Consider the following features that distinguish this book from its competitors.

**THE LINK BETWEEN EVENTS AND STATEMENTS**

*We not only teach students how to journalize transactions but we also explain how the journal entries affect the financial statements.* The text provides coverage of debits and credits, journal entries, T-accounts, and trial balances. Beyond these traditional topics, we employ a financial statements model to ensure that students learn how accounting events affect financial statements. The model arranges the balance sheet income statement and statement of cash flows horizontally across a single line of text as shown below:

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|-------------------------|------------------------|-----------|
```

Typically, we show the statements model immediately after each journal entry. For example, the settlement of a liability for interest would be shown as follows:

```
Account Title  | Debit | Credit |
----------------|-------|--------|
Interest Payable | 8,400 | 8,400  |
```

This approach provides a direct visual connection between journal entries and financial statements. It enables students to see how each individual accounting event affects decision making. Executives make few decisions without considering how those decisions affect “bottom line” financial performance measures. The statements model approach encourages students to develop real-world thinking patterns.

**A UNIQUE APPROACH TO THE STATEMENT OF CASH FLOWS**

*We not only cover the income statement, statement of stockholders’ equity, and the balance sheet, but we also provide comprehensive coverage of the statement of cash flows.* Coverage of the statement of cash flows starts in Chapter 1 and is discussed throughout the text. While the statement of cash flows is critically important in the real world, coverage of the statement is often slighted and usually relegated to the last chapter in the text. The primary reason for this treatment is that teaching students to convert accrual accounting data into cash flow is complicated. We remove this complexity by introducing the statement through a highly simplified teaching approach.

We begin by teaching students to classify an individual cash transaction as a financing, investing, or operating activity. Students then compile the classified transactions into a formal statement of cash flows. Preparing the statement under this direct, transaction-by-transaction approach reduces the learning task to a simple classification...
scheme. Later, in Chapter 12, we introduce the more complex task of converting accrual accounting data to a statement of cash flows.

● UNDERSTANDING FINANCIAL STATEMENT ANALYSIS

We not only show how to calculate financial ratios but also explain how those ratios are used to evaluate businesses. We provide unparalleled coverage of financial statement analysis. A separate section titled the “Financial Analyst” is included in each chapter of the text. Further, a summary of financial ratios is included in an appendix at the end of the text. Finally, a complete chapter covering financial statement analysis is available online. Providing coverage in multiple formats allows the instructor to establish the level of emphasis placed on this subject.

Is a gross margin percentage of 25% good or bad? Clearly, the answer depends on the type of company under consideration. While most textbooks show students how to calculate financial ratios, this text goes a step beyond by providing real-world industry data that facilitates an understanding of the ratios. Exercises, problems, and real-world cases that reference real-world data are included in each chapter. Further, the text includes two financial statement analysis projects. One pertains to Target’s 10-K Report that is included in the text. The other is an open-ended project that allows the instructor to choose the company to be evaluated.

● IFRS AND OTHER INTERNATIONAL ACCOUNTING ISSUES

We not only provide comprehensive coverage of generally accepted accounting principles (GAAP) but also expose students to International Financial Reporting Standards (IFRS). Clearly, GAAP is the predominant practice in the United States. However, ever-increasing globalization requires awareness of international standards as well. The book contains textbox titled “Focus on International Issues.” These boxes include content regarding IFRS and other interesting international topics. Specially marked exercises allow the instructor to reinforce the international content through homework assignments. The textbox approach allows flexibility in the level of emphasis instructors choose to place on this subject.

● DEMONSTRATING EVENT EFFECTS OVER MULTIPLE ACCOUNTING CYCLES

We not only show how an accounting event affects a single accounting period but also how that event affects multiple accounting cycles. The text uses a vertical statements model that shows financial statements from top to bottom on a single page. This model displays financial results for consecutive accounting cycles in adjacent columns, thereby enabling the instructor to show how related events are reported over multiple accounting cycles.

● CONCLUDING REMARKS

We appreciate your taking time to read this note. We encourage your questions or comments. Contact information for members of the author team are as follows:

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Thomas P. Edmonds

Thomas P. Edmonds, is the Friends and Alumni Professor of Accounting at the University of Alabama at Birmingham (UAB). Dr. Edmonds has taught in the introductory area throughout his career. He has coordinated the accounting principles courses at the University of Houston and UAB. He currently teaches introductory accounting in mass sections and in UAB’s distance learning program. He is actively involved in the accounting education change movement. He has conducted more than 50 workshops related to teaching introductory accounting during the last decade. Dr. Edmonds has received numerous prestigious teaching awards including the Alabama Society of CPAs Outstanding Educator Award and the UAB President’s Excellence in Teaching Award. Dr. Edmonds’s current research is education based. He has written articles that appeared in many publications including, among others, the Accounting Review, Issues in Accounting Education, Journal of Accounting Education, and Advances in Accounting Education. Dr. Edmonds has been a successful entrepreneur. He has worked as a management accountant for a transportation company and as a commercial lending officer for the Federal Home Loan Bank. Dr. Edmonds began his academic training at Young Harris Community College. His PhD degree was awarded by Georgia State University. Dr. Edmonds’s work experience and academic training has enabled him to bring a unique perspective to the classroom.

Frances M. McNair

Frances M. McNair holds the KPMG Peat Marwick Professorship in Accounting at Mississippi State University (MSU). She has been involved in teaching principles of accounting for the past 12 years and currently serves as the coordinator for the principles of accounting courses at MSU. She joined the MSU faculty in 1987 after receiving her PhD from the University of Mississippi. The author of various articles that have appeared in the Journal of Accountancy, Management Accounting, Business and Professional Ethics Journal, The Practical Accountant, Taxes, and other publications, she also coauthored the book The Tax Practitioner with Dr. Denzil Causey. Dr. McNair is currently serving on committees of the American Taxation Association, the American Accounting Association, and the Institute of Management Accountants as well as numerous School of Accountancy and MSU committees.

Philip R. Olds

Philip R. Olds is associate professor of accounting at Virginia Commonwealth University (VCU). He serves as the coordinator of the introduction to accounting courses at VCU. Dr. Olds has also received the Distinguished Service Award and the Distinguished Teaching Award from VCU School of Business. Dr. Olds received his A.S. degree from Brunswick Junior College in Brunswick, Georgia (now Costal Georgia Community College). He received a BBA in Accounting from Georgia Southern College (now Georgia Southern University) and his MPA and PhD degrees from Georgia State University. After graduating from Georgia Southern, he worked as an auditor with the U.S. Department of Labor in Atlanta, Georgia. Dr. Olds has published articles in various professional journals and presented papers at national and regional conferences. He also served as the faculty adviser to the VCU chapter of Beta Alpha Psi for five years. In 1989, he was recognized with an Outstanding Faculty Vice-President Award by the national Beta Alpha Psi organization.
WHAT WE DID TO MAKE IT BETTER

This edition offers new opportunities for instructors to determine the scope and pace of coverage. You can now choose to introduce depreciation and interest computations in Chapter 2. Alternatively, you can delay coverage of these subjects thereby providing more time to introduce basic concepts in a simpler environment. In addition, Chapters 1 and 2 have been subdivided into parts that allow you to effectively control the pace of coverage. Also, the revision delivers enhanced coverage of financial statement analysis.

In preparation for the development of this edition we surveyed instructors who use the text to assess their experiences with the revisions made in the previous edition. Overall, we received positive feedback and strong support for the changes we implemented previously. One area where reviewers’ comments were more varied related to the delay of coverage of depreciation and interest computations. Roughly 65 percent of the respondents ranked delaying coverage of depreciation as very or moderately effective, leaving 35 percent who classified the delay as not very effective. Similarly, 74 percent found delaying coverage of interest computations to be very or moderately effective, while 26 percent classified the delay as not very effective. Clearly, many of our adopters are happy to have coverage of these subjects delayed while others would prefer to have those topics covered in Chapters 2 and 3.

In response, we have created an appendix for Chapter 2 that covers depreciation and the computation of interest. Also, numerous exercises and problems covering these topics have been added to the end-of-chapter materials. These exercises and problems have been clearly labeled as being related to the “Appendix.” Identifying them is easy and coverage is left to the discretion of the instructor. Coverage of these topics continues in an appendix to Chapter 3. Accordingly, individual instructors have the opportunity to decide the appropriate time to introduce these pivotal topics.

Virtually everyone is happy that the text addresses issues of substance immediately; there is very little fluff in Chapter 1. While the majority of respondents felt the pace of coverage was on target, some suggested it was overly challenging for their students. The proper pace is, of course, dependent on student aptitude. Since student aptitude varies widely across schools, the pace of coverage must also vary. In recognition of the need for flexibility, we divided Chapter 1 into two sections.

Chapter 1, Section 1 covers basic terminology, introduces the accounting equation, and demonstrates how business events are recorded under the equation. Section 2 introduces students to financial statements. The end-of-chapter exercises and problems are also segregated in separate sections. This arrangement it is easy for instructors to treat the chapter as two separate chapters, thereby slowing the pace and allowing more time to cover key conceptual issues. Chapter 2 has also been divided into two sections: Chapter 2, Section 1 covers accruals, while Section 2 covers deferrals.

Breaking the chapters into sections offers an added benefit of promoting a stepwise learning environment. The primary concepts are isolated and introduced in a simple environment. More complex relationships and details are then added to the basic foundation. Stepwise learning is a hallmark of our teaching strategy.

The Target annual report project contained in Appendix D has been redesigned and includes many new features that promote ease of use. Specifically, Target’s 2008, 2009, and 2010 financial statements have been loaded into an Excel spreadsheet that is available on the textbook’s website. The income statement shown in the spreadsheet has been revised to better reflect the income statement format and wording used in the textbook. The revision moves credit card revenues (interest income) to the nonoperating section and enables the project solution for gross margin percentages to agree to those identified in the Management Discussion & Analysis section of the annual report. This Excel spreadsheet provides an excellent starting point for the vertical and horizontal analysis required in the project. Also, to simplify grading,
we provide a multiple choice project quiz. This quiz is available in the instructor’s manual, as well as in Connect®.

Specific revisions for each chapter are described below.

**SPECIFIC CHAPTER CHANGES**

**Chapter 1 An Introduction to Accounting**
- Divided chapter into two sections, thereby providing more flexibility to set the pace of instruction.
- Added new *Curious Accountant* featuring new high-profile companies and products.
- Updated *Focus on International Issues* textbox that includes IFRS coverage.
- Added new *Reality Bytes*.
- Updated *The Financial Analyst* content.
- Updated exercises, problems, and cases.

**Chapter 2 Accounting for Accruals and Deferrals**
- Divided chapter into two sections, thereby providing more flexibility to set the pace of instruction.
- Added an appendix and related end-of-chapter materials covering the introduction of depreciation and the computation of interest.
- Revised learning objectives.
- Added new *Curious Accountant* featuring new high-profile companies and products.
- Added new *Reality Bytes*.
- Updated *The Financial Analyst* content.
- Updated exercises, problems, and cases.

**Chapter 3 The Double-Entry Accounting System**
- Added an appendix and related end-of-chapter materials that provide continuing coverage of depreciation and the computation of interest.
- Added new *Curious Accountant* featuring new high-profile companies and products.
- Added new *Focus on International Issues* textbox that includes IFRS coverage.
- Updated *The Financial Analyst* content.
- Updated exercises, problems, and cases.

**Chapter 4 Accounting for Merchandising Businesses**
- Added new *Curious Accountant* featuring new high-profile companies and products.
- Updated *The Financial Analyst* content.
- Updated exercises, problems, and cases.

**Chapter 5 Accounting for Inventories**
- Added new *Curious Accountant* featuring new high-profile companies and products.
- Updated *Focus on International Issues* textbox that includes IFRS coverage.
- Updated *The Financial Analyst* content.
- Updated exercises, problems, and cases.

**Chapter 6 Internal Control and Accounting for Cash**
- Added coverage of the framework for internal controls and enterprise risk management developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- Updated *Curious Accountant*.
- Updated exercises, problems, and cases.
Chapter 7 Accounting for Receivables
- Added new Curious Accountant featuring new high-profile companies and products.
- Updated Reality Bytes.
- Updated The Financial Analyst content.
- Updated exercises, problems, and cases.

Chapter 8 Accounting for Long-Term Operational Assets
- Added new Curious Accountant featuring new high-profile companies and products.
- Updated Focus on International Issues textbox that includes IFRS coverage.
- Added new Reality Bytes.
- Updated The Financial Analyst content.
- Updated exercises, problems, and cases.

Chapter 9 Accounting for Current Liabilities and Payroll
- Updated Reality Bytes.
- Updated Focus on International Issues textbox that includes IFRS coverage.
- Updated The Financial Analyst content.
- Updated exercises, problems, and cases.

Chapter 10 Accounting for Long-Term Debt
- Added new Curious Accountant featuring new high-profile companies and products.
- Added new Reality Bytes.
- Updated The Financial Analyst content.
- Updated exercises, problems, and cases.

Chapter 11 Proprietorships, Partnerships, and Corporations
- Added new Curious Accountant featuring new high-profile companies and products.
- Added new Reality Bytes.
- Updated Focus on International Issues textbox that includes IFRS coverage.
- Updated The Financial Analyst content.
- Updated exercises, problems, and cases.

Chapter 12 Statement of Cash Flows
- Added new Curious Accountant featuring new high-profile companies and products.
- Updated Reality Bytes.
- Updated The Financial Analyst content.
- Updated exercises, problems, and cases.

Chapter 13 Financial Statement Analysis (Available online only at www.mhhe.com/edmonds8e)
- Updated Curious Accountant.
- Updated exercises, problems, and cases.
Real-World Examples
The text provides a variety of real-world examples of financial accounting as an essential part of the management process. There are descriptions of accounting practices from real organizations such as Coca-Cola, Enron, General Motors, and Amazon.com. These companies are highlighted in blue in the text.

The Curious Accountant
Each chapter opens with a short vignette. These pose a question about a real-world accounting issue related to the topic of the chapter. The answer to the question appears in a separate sidebar a few pages further into the chapter.

Focus on International Issues
These boxed inserts expose students to IFRS and other international issues in accounting.

The Financial Analyst
Financial statement analysis is highlighted in each chapter under this heading.

Check Yourself
These short question/answer features occur at the end of each main topic and ask students to stop and think about the material just covered. The answer follows to provide immediate feedback before students go on to a new topic.

HOW DOES THE BOOK MOTIVATE

The Curious Accountant
Richard recently purchased a new Ford automobile from a dealer near his home. When he walked into the dealership, he was surprised to find out that the car had a sticker price of $27,000. The dealer informed him that he paid $300 less than the sticker price. Richard was pleased with the deal and left the dealership.

Jeff, another customer, purchased a similar car from a different dealership. When he took the car home, he realized that he had paid too much for the car. He asked his friend, who works for a car dealership, why dealerships can sell cars for less than the sticker price.

Jeff explained that dealerships often have to sell cars below the sticker price to make a profit. He told Richard that he should have asked for a better price because dealerships are typically willing to negotiate.

Richard responded, “If there is such a big markup on cars, why did so many of the car manufacturers go out of business?”

Jeff told him that the manufacturers have high fixed costs, which means they need to sell a large number of cars to cover their expenses. In contrast, dealerships have lower fixed costs, which allows them to sell cars at a lower price and still make a profit.

Richard was surprised to learn that dealerships are not always charging the maximum price for cars. He asked Jeff why dealerships don’t have big markups on cars they sell.

Jeff explained that dealerships have a lot of competition, which forces them to offer attractive deals to customers.

Richard was impressed by what he had learned and decided to be more savvy when purchasing his next car.

Answers to The Curious Accountant
As data from the income statement for AutoNation show, automobile dealers do not have big markups on the cars they sell. The new vehicles the company sold for $18,851 million in 2010 cost the company $14,829 million. The gross profit on the sale was $3,022 million (25.4%). In other words, if you bought an “average” car from AutoNation for $23,000, the company’s gross profit on it was only $5,360 (23.5%), meaning it paid Ford $18,640 ($20,000 – $1,360). Furthermore, the company still had other expenses to pay before it could make a profit. In 2010, only 1.6% of each dollar of AutoNation’s sales was net profit ($119,280 – $104,451). Remember, the amount shown for sales on AutoNation’s income statement is based on what customers paid for their cars, not what the company paid to acquire them.

Focus on International Issues
How do IFRS differ from U.S. GAAP?
Chapter 1 discussed the progression toward a single global GAAP in the form of International Financial Reporting Standards (IFRS). The discussion noted that the United States does not currently allow domestic companies to use IFRS; they must follow GAAP. Let’s briefly consider just how U.S. GAAP differs from IFRS.

The differences can be summarized in a few broad categories. First, some differences are relatively minor. Consider the case of bank overdrafts. Under IFRS; some bank overdrafts are included as a cash inflow and reported on the income statement as cash flows. U.S. GAAP does not permit this. Conversely, some differences relate to very significant issues. Both IFRS and GAAP use historical cost as their primary method for reporting information on financial statements, but both allow exceptions in some circumstances. However, IFRS permits more exceptions to historical cost than do GAAP. Some of these differences will be discussed in later chapters.

Some of the differences affect how financial statements are prepared in annual reports. IFRS requires companies to report all financial statements for the current year and the prior year—two years of comparative data. Rules of the Securities and Exchange Commission require companies to disclose only the current year and the prior year.

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STUDENTS?

REALITY BYTES

Do all accounting systems require using debits and credits? The answer is a

NO. Many small businesses use a single-entry system. A single-entry

system compensates for a deficient accounting system by using handwritten

journals and ledgers. More sophisticated businesses, and their accountants,

prefer to use a double-entry system. The double-entry system is

automated by computer programs. However, these automated systems do not

require data entry through a double-entry recording scheme. Excel

software is a good example of this type of software. Data are entered into the Excel

spreadsheet program through a user-friendly screen interface that does not require

knowledge of debit/credit terminology. Even so, the Excel spreadsheet produces

traditional financial reports such as income statements, balance sheets, and

income tax returns. Technology is a part of common culture. Most people have an

understanding of how computers work, even if they do not understand the

underlying accounting recording scheme, used in their businesses. Still, it is

important to understand the basic accounting systems, which are so much

familiar to you.”

Appendix B

Portion of the Form 10K for Target Corporation

This appendix contains a portion of the Form 10K for the Target Corporation that

was filed with the Securities and Exchange Commission on March 10, 2011. The docu-

ment includes the text of the company’s annual report, which was included as a part of

its complete Form 10K for the company’s fiscal year ended January 29, 2011. Through-

out this text this is referred to as the company’s 2010 fiscal year.

This document is included for illustrative purposes, and it is intended to be used for

general purpose annual report project is included

Reality Bytes

This feature expands on the topics by showing how companies use the concepts discussed in the
chapter to make real-world business decisions.

Annual Reports

The 2010 annual report for Target Corporation is shown in Appendix B.

Business Application Problems related to the

annual report are included at the end of each chapter.

A financial statement analysis project for the

annual report is located in Appendix D. Also, a
general purpose annual report project is included

for instructors to assign for any company.

Chapter Focus Company

Each chapter introduces important managerial

accounting topics within the context of a realistic

company. Students see the impact of managerial

accounting decisions on the company as they

work through the chapter. When the Focus

Company is presented in the chapter, its logo is

shown so the students see its application to the
text topics.

A Look Back/A Look Forward

Students need a roadmap to make sense of

where the chapter topics fit into the “whole”
picture. A Look Back reviews the chapter

materials and a look forward introduces students

to what is to come.
Regardless of the instructional approach, there is no shortcut to learning accounting. Students must practice to master basic accounting concepts. The text includes a prodigious supply of practice materials and exercises and problems.

**Self-Study Review Problem**

These example problems include a detailed, worked-out solution and provide support for students before they work problems on their own. These review problems are included in an animated audio presentation, on the text website. 

**Exercise Series A & B**

**Problem Series A & B**

There are two sets of problems and exercises, Series A and B. Instructors can assign one set for homework and another set for classwork.

- **Check Figures**
  The figures provide key answers for selected problems.

- **Excel**
  Many problems can be solved using the Excel™ templates contained on the text’s Online Learning Center. A logo appears in the margins next to these problems.

“The self study problems and supplements on the web are very useful for students.”

BARRY BUCHOFF,
TOWSON UNIVERSITY

“Exercises and problems are great and provide a variety as well as multiple examples for students to practice.”

PATRICIA BANCROFT, BRIDGEWATER STATE UNIVERSITY
Analyze, Think, Communicate (ATC)
Each chapter includes an innovative section entitled Analyze, Think, Communicate (ATC). This section offers Business Applications Cases, Group Assignments, Real World Cases, Writing Assignments, Ethical Dilemma Problems, Research Assignments, and Spreadsheet Assignments.

We use logos to help students identify the type of question being asked.

• Target Corp.  
• Group Work  
• Real World Company  
• Research  
• Excel  

Comprehensive Problem
Beginning in Chapter 1, a comprehensive problem builds in each successive chapter, with the ending account balances in one chapter becoming the beginning account balances in the next chapter.

Mastering Excel and Using Excel
The Excel applications are used to make students comfortable with this analytical tool and to show its use in accounting.

“Lots of good exercises and problems at the end of each chapter with A and B choices.”
CAROL SHAVER,  
LOUISIANA TECH UNIVERSITY

“I love the spreadsheet assignments and the comprehensive problems at the end of each chapter. I love the check figures that are available on some of the problems.”
JANE GARVIN,  
IVY TECH COMMUNITY COLLEGE
HOW CAN TECHNOLOGY HELP STUDENT

● McGRAW-HILL CONNECT® ACCOUNTING

McGraw-Hill Connect® Accounting is an online assignment and assessment solution that connects you with the tools and resources necessary to achieve success through faster learning, more efficient studying, and higher retention of knowledge.

Online Assignments
McGraw-Hill Connect Accounting helps students learn more efficiently by providing feedback and practice material when and where they need it. Connect Accounting grades homework automatically and gives immediate feedback on any questions students may have missed.

Student Library
The Connect Accounting Student Library gives students access to additional resources such as recorded lectures, Self-Quiz and Study practice materials, an eBook, and more.

Self-Quiz and Study
Self-Quiz and Study connects students to the learning resources they need to succeed in the course. For each chapter, students can take a practice quiz and immediately see how well they performed. A study plan then recommends specific readings from the text, supplemental study material, and practice exercises that will improve students’ understanding and mastery of each learning objective.
LESS MANAGING. MORE TEACHING. GREATER LEARNING.

McGraw-Hill Connect Accounting offers a number of powerful tools and features to make managing assignments easier, so faculty can spend more time teaching. With Connect Accounting, students can engage with their coursework anytime, anywhere, making the learning process more accessible and efficient. Please see the previous page for a description of the student tools available within Connect Accounting.

McGraw-Hill’s Connect Accounting for Instructors Simple Assignment Management and Smart Grading. With McGraw-Hill Connect Accounting, creating assignments is easier than ever, so you can spend more time teaching and less time managing. Connect Accounting enables you to:

- Create and deliver assignments easily with selectable end-of-chapter questions and test bank items.
- Go paperless with the eBook and online submission and grading of student assignments.
- Have assignments scored automatically, giving students immediate feedback on their work and comparisons with correct answers.
- Reinforce classroom concepts with practice tests and instant quizzes.

Instructor Library

The Connect Accounting Instructor Library is your repository for additional resources to improve student engagement in and out of class. You can select and use any asset that enhances your lecture. The Connect Accounting Instructor Library includes access to:

- Solutions Manual
- Instructor’s Manual
- Test Bank
- Instructor PowerPoint® slides
- The eBook version of the text
Student Reports

McGraw-Hill’s Connect Accounting keeps instructors informed about how each student, section, and class is performing, allowing for more productive use of lecture and office hours. The reports tab enables you to:

• View scored work immediately and track individual or group performance with assignment and grade reports.
• Access an instant view of student or class performance relative to learning objectives.
• Collect data and generate reports required by many accreditation organizations, such as AACSB and AICPA.

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Many educational institutions today are focused on the notion of assurance of learning, an important element of many accreditation standards. *Fundamental Financial Accounting Concepts 8e* is designed specifically to support your assurance of learning initiatives with a simple, yet powerful, solution.

Each chapter in the book begins with a list of numbered learning objectives, which appear throughout the chapter as well as in the end-of-chapter assignments. Every Test Bank question for *Fundamental Financial Accounting Concepts* maps to a specific chapter learning objective in the textbook. Each Test Bank question also identifies topic area, level of difficulty, Bloom’s Taxonomy level, AICPA and AACSB skill area. You can use our Test Bank software, EZ Test Online, or Connect Accounting to easily search for learning objectives that directly relate to the learning objectives for your course. You can then use the reporting features of EZ Test to aggregate student results in similar fashion, making the collection and presentation of Assurance of Learning data simple and easy.

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The statements contained in *Fundamental Financial Accounting Concepts 8e* are provided only as a guide for the users of this textbook. The AACSB leaves content coverage and assessment within the purview of individual schools, the mission of the school, and the faculty. While *Fundamental Financial Accounting Concepts 8e* and the teaching package make no claim of any specific AACSB qualification or evaluation, we have, within the text and test bank labeled selected questions according to the six general knowledge and skills areas.

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Online Learning Center

(www.mhhe.com/edmonds8e)

The password protected instructor side of the book’s Online Learning Center (OLC) houses all the instructor resources you need to administer your course, including:

- Solutions Manual
- Instructor’s Manual
- Test Bank
Instructor PowerPoints
Excel Templates and Solutions

If you choose to use Connect Accounting with Edmonds, you will have access to these same resources via the Instructor Library.

Instructor's Manual
This comprehensive manual includes step-by-step, explicit instructions on how the text can be used to implement alternative teaching methods. It also provides guidance for instructors who use the traditional lecture method. The guide includes lesson plans and demonstration problems with student work papers, as well as solutions.

Solutions Manual
Prepared by the authors, the manual contains complete solutions to all the text's end-of-chapter exercises, problems, and cases.

PowerPoint Presentation
These audio-narrated slides can serve as interactive class discussions.

Test Bank
This test bank in Word™ format contains multiple-choice questions, essay questions, and short problems. Each test item is coded for level of difficulty learning objective AACSB, AICPA and Bloom's.

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Available through the Online Learning Center, Connect Instructor Library, and at www.eztestonline, McGraw-Hill's EZ Test Online allows you to quickly create customized exams. This user-friendly program allows instructors to sort questions by format; edit existing questions or add new ones. It also can scramble questions for multiple versions of the same test.
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- Online Quizzes
- Student PowerPoint slides
- Narrated PowerPoint lectures
- Self-Study Review slides
- Excel Templates
- Video Library
- Appendices
- Links to Accounting Resources

If your instructor chooses to use Connect Accounting in this course, you will have access to these same resources via the Student Library.

Study Guide


This proactive guide incorporates many of the accounting skills essential to student success. Each chapter contains a review and explanation of the chapter’s learning objectives, as well as multiple-choice problems and short exercises. Unique to this Study Guide is a series of articulation problems that require students to indicate how accounting events affect the elements of financial statements.

Working Papers


This study aid contains forms that help students organize their solutions to homework exercises and problems and is also available through McGraw-Hill Create.

Excel Templates

These templates allow students to develop spreadsheet skills to solve selected assignments identified by an icon in the end-of-chapter material.
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• Thomas P. Edmonds • Frances M. McNair • Philip R. Olds

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