

# Subject Index

## A

Aboriginal Financial Institutions (AFIs), 15-30

AC. *See* Amortized cost

Account

separate units of account, 11-28

Accountants, assistance, 11-3

Accounting

accrual basis, 11-12

changes, 14-16–14-19

types, 14-16, 14-31

conceptual framework, 11-3–11-5, 11-39

components, 11-4

measurement, 11-13

recognition, 11-13

consistency, 11-39

estimates, changes, 14-16, 14-31

foundational concepts/assumptions/constraints, 11-4

issues/standards, response, 11-3

measurement criteria, 11-4

multiple-element arrangement, 11-28

policies

alternatives, 18-33

changes, 14-16–14-17

qualitative characteristics, 11-4, 11-8

enhancement, 11-9–11-10

recognition, 11-4

records

accuracy/reliability, ensuring, 10-22

standards/practices, ensuring, 11-3

summary, 11-36–11-37

Accounting period

revenue/expense recognition, 11-31

Accounting policies, 11-9

Accounting Standards for Private Enterprises (ASPE), 9-19–9-20, 11-4, 12-7

cash flow statement, 17-28

indirect method, 17-28

International Financial Reporting

Standards (IFRS), comparison, 9-40, 10-38, 11-37, 13-28, 14-28, 15-40, 16-32, 17-39, 18-35

reporting

dividends, 17-5

interest, 17-5

taxes payable

decrease, 17-18

increase, 17-18

using

direct method, 17-35

indirect method, 17-18

Accounts payable, 10-3–10-4, 10-40

accrued liabilities, A-21

adjustments, 17-16

analysis, 17-16, 17-32

changes, 17-16–17-17

decrease, 17-17

increase, 17-17

Accounts receivable

adjustments, 17-13

analysis, 17-13, 17-31

changes, 17-13–17-14

decrease, 17-14

increase, 17-14

turnover ratio, 18-17

Accrual accounting, 11-35, 11-39

Accrued expenses (accrued liabilities)

adjustments, 17-33

Accrued liabilities, A-21

Accumulated depreciation, 9-24, 9-25,

9-65, 17-23–17-24

adjustments, 17-24

analysis, 17-24

Accumulated other comprehensive

income, 14-15, 14-31

updated balances, 14-15

Acid-test ratio (quick ratio),

18-16–18-17

Additional contributed capital, 13-25

Additions and improvements, 9-18, 9-44

Admission by investment, 12-17, 12-34

AFIs. *See* Aboriginal Financial

Institutions

All-inclusive format (statement of

comprehensive income), 14-14

Alternative payout ratio calculation,

14-26

Amortizable amount, 9-33, 9-44

Amortization, 9-33, 9-44

amount, calculation, 15-17

bonds, amortization, 16-14

calculation, effective-interest method (usage), 15-17

effective-interest method, 15-14, 16-10

partial bond discount amortization

schedule, 16-11

schedule, 15-18

Amortized cost (AC), 16-4, 16-7, 16-28

calculation, 16-8

debt investment sale, gain/loss, 16-13

Amortizing the discount, 15-16,

15-45

Amortizing the premium, 15-20, 15-45

Analysis, tools, 18-4–18-5

Analytical tools, basis, 18-6

Annual dividends/yields, 14-53

Annuities, PV-9. *See also* Future cash

flows

calculation, present value,

PV-9–PV-13

computer spreadsheets,

PV-11–PV-12

financial calculator, PV-11

tables, PV-10–PV-11

formula, present value, PV-10

present value, 15-10

ASPE. *See* Accounting Standards for

Private Enterprises

Assets, 11-6

asset-liability approach, 11-14

calculation, value in use, PV-24

computer spreadsheet, PV-23

financial calculator, PV-23

tables, PV-22–PV-23

estimation value

in use using future cash flows,

PV-22–PV-24

fair value, changes, 9-18

impairment, A-14

invested, book/fair values, 12-7

investment, 12-17–12-20

ledger balances, 12-17

multiple assets, cost allocation,

9-6–9-7

obsolescence/physical damage, 9-19

outflow, 10-3

plant assets, disposal (depreciation

expense/loss), 17-33–17-34

real value, determination, 9-8

retirement costs, 9-4, 9-44

return on assets, 9-39

reversal, 9-19

turnover, 9-39, 9-40, 9-44, 18-26–18-27

value, impairments, 9-17

Associate, 16-24, 16-36

Associate profit/loss, share (recording),

16-25

Authorized shares, 13-9, 13-31

Average balance sheet amount,

calculation, 18-17

## I-4 SUBJECT INDEX

- Average collection periods, 18-18
- Average per share amount, 13-14, 14-8
  - reacquisition above average per share amount, 14-9-14-10
  - reacquisition below average per share amount, 14-8-14-9
- B**
- Balance sheet (statement of financial position), 18-7-18-8
  - current liabilities, 10-25-10-26
  - preparation, 10-40
  - data, fair value adjustments (recording), 16-17
  - date
    - bonds, fair value adjustments (recording), 16-18-16-19
    - fair value adjustment, recording, 16-20
  - examples, 11-50, 11-54, 18-16
  - horizontal analysis, 18-7-18-8
  - investments, reporting, 16-28-16-29
  - liabilities, 15-38
  - presentation, 15-35-15-36
  - vertical analysis, 18-11-18-13
    - formula, 18-13
- Bank
  - advances, 10-5
  - indebtedness, 10-5
  - overdraft, 10-5
- Bankruptcy, 9-19
- Base amount, percentage, 18-11
- Base year formula, horizontal percentage, 18-7
- Basic earnings per share, 14-25, 14-31
- Basket purchase (lump sum purchase), 9-6-9-7, 9-44
- Benford's Law, 18-10
- Big data (Big Data), 18-5
- Blended payments, 15-28-15-29
  - instalment payment schedule, 15-29
- Bond interest
  - accruals, 15-23-15-24
  - bond discount, amortization, 15-17
  - calculation, 15-9
  - expense, calculation, 15-17
  - interest paid, calculation, 15-17
  - paid, 15-20
- Bond market price
  - calculation, PV-13-PV-18
  - interest rate, relationship, PV-17
- Bonds, 15-3, 15-45, 16-10-16-14
  - acquisition, recording, 16-10, 16-18
  - amortization, 16-14
  - bond discount, amortization schedule, 15-18, 15-23
  - bond payable, credit, 15-18
  - bonds before maturity, sale (recording), 16-13
  - calculation, present value
    - market rate equals contractual rate, PV-14-PV-15
    - market rate greater than contractual rate, PV-15-PV-16
    - market rate less than contractual rate, PV-16-PV-17
  - carrying amount, 15-18, 15-22
  - elimination, 15-26
  - cash flow, time diagram, 15-9
  - certificate, 15-6, 15-7, 15-45
  - characteristics, 15-44
  - debt investments, 16-18-16-19
  - discount issuance, 15-15-15-19
    - contrast, 15-22-15-23
  - discount/premium, 15-12-15-13
  - discount sale, 15-16
  - face value
    - issuance, 15-14-15-15
    - present value, calculation, 15-11
  - fair value
    - adjustments, recording, 16-18-16-19
    - investments, accounting, 16-22-16-23
  - investment/liability, comparison, 16-12
  - issuance, 15-6, 15-7, 15-16
  - issue, present value of
    - calculation, PV-17-PV-18
  - issue price, determination, 15-13
  - issues, accounting, 15-14-15-25
  - market interest rate, 15-7-15-8
  - market price, calculation, 15-9
  - market value, 15-7
  - maturity, recording, 16-12-16-13
  - partial bond discount amortization schedule, 16-11
  - premium, amortization, 15-21
    - schedule, 15-21
  - premium issuance, contrast, 15-22-15-23
  - present value (PV), 15-9
  - prices, 15-7, 15-13, 15-44
  - pricing, 15-8-15-13
  - redemption, loss/gain, 15-26
  - retirements, accounting, 15-25-15-26, 15-44
  - sales, recording, 16-19
  - terminology, 15-8
  - trading, 15-6-15-8
  - transactions, accounting, 15-44
  - types, 15-5-15-6
- Bonds at a premium, issuance, 15-19-15-22
- Bonds at maturity, redeeming, 15-25
- Bonds before maturity, redeeming, 15-25-15-26
- Bonds payable, 15-3-15-8, 15-22
  - increase, 17-25
- Bonus
  - allocation, 12-23
  - amount, determination, 12-18, 12-19, 12-23
  - deduction, 12-22
- Books, closing, 12-24
- Book value, 9-8
  - assets invested, 12-7
- Borrowing
  - cost, reduction, 15-20
  - total cost, 15-16, 15-20
- Brands, 9-35-9-36
- Breakage, 10-40
- Buildings, 9-5-9-6
  - value, increase, 17-22
- Business
  - guiding, 11-34
  - investing, reasons, 16-6
- C**
- Callable bonds, 15-6, 15-45
- Call price, 15-26
- Canada Pension Plan (CPP), 10-17, 10-19, 10-26-10-28, 10-40
  - contributions, 10-30-10-33
  - formulas, 10-27
  - limits, 10-26
- Canada Revenue Agency (CRA), 9-16
- Canada student loans
  - calculation
    - computer spreadsheets, PV-21
    - financial calculator, PV-21
    - tables, PV-21
- Canadian Business Corporations Act, 13-5
- Canadian Income Tax Act, 13-5
- Capital
  - acquisition, ability, 13-4
  - assets, 9-3
  - balances, 12-9
    - decrease, 12-19
  - complex structure, 14-24-14-25
  - contributed capital, 13-25
  - deficiency, 12-34
    - absence, 12-25, 12-26-12-27, 12-34
    - presence, 12-25, 12-27-12-30
  - lease, 15-33, 15-45
  - legal capital, 13-10, 13-31
  - maintenance, 13-18
  - sharing, 13-8-13-15
- Capital cost allowance (CCA), 9-16, 9-44

- Capital expenditures, 9-4, 9-17, 9-44
  - useful life, 9-18
- Capitalized expenditures, 9-4, 9-44
- Carrying amount (carrying value/book value/net book value), 9-8, 15-14, 15-45, 16-7
  - bond carrying amount, 15-18
  - calculation, 9-23, 9-27
- Carrying value, 9-8, 16-7
- Cash
  - availability, 15-5
  - business need, 17-19
  - definition, 17-4
  - distribution, 12-28, 12-30
  - equivalents, A-9
  - excess cash, 16-3
  - financing activities, usage, 17-26
  - investing, 17-3
    - activities, usage, 17-26–17-27
  - net increase, calculation, 17-27
  - operating activities, impact, 17-19, 17-20–17-21
  - payment, 12-16, 17-31–17-33
    - recording, 14-8
  - receipts, 17-30–17-31
    - calculation, 17-13
  - shares, issuance, 13-11
  - usage, 13-18
- Cash conversion cycle, 18-19
- Cash dividends, 13-18–13-21, 13-31
  - accounting, 13-31
  - effects
    - comparison, 14-6–14-7
    - differences, 14-6
  - entries, 13-18–13-19
  - payment, conditions, 13-18
- Cash flows
  - classification, 17-4–17-5, 17-7
  - data, 17-36
  - effect, absence, 9-27, 9-31, 10-6, 10-11
  - free cash flow, 17-37–17-38, 17-42
  - information, A-25–A-26
  - operating activities basis, 17-2
  - reporting, 17-3–17-7
- Cash flow statement (statement of cash flows), 17-1, 17-3, 17-28, 17-42
  - analysis, 17-42
  - content, 17-3–17-6, 17-42
  - demonstration, 17-39–17-41
  - format, 17-6–17-7, 17-42
  - indirect method steps, 17-27–17-29
    - preparation, 17-27
      - direct method, 17-30–17-36, 17-42
      - indirect method, 17-8–17-29, 17-42
    - steps, 17-8
  - sources, 17-8
  - usefulness, 17-3, 17-42
- Cash inflows/outflows
  - financing activities, 17-5
  - investing activities, 17-4
  - operating activities, 17-4
- Cash paid, recording, 15-26
- Cash payments, 17-31–17-33
  - operating expenses, 17-33
- Cash receipts
  - calculation, 17-31
  - formula, 17-31
  - computer services, source, 17-30
- CCA. *See* Capital cost allowance
- Certain liability, 10-40
- Change in an accounting estimate, 14-16, 14-31
- Change in an accounting policy, 14-16–14-17, 14-31
- Closely held corporations, 13-3
- Closing entries, 12-12–12-13
  - illustration, 12-13
  - posting, 13-23
  - preparation, 13-31
- Collateral, 10-5, 10-40, 15-5, 15-45
- Commercial substance, 9-28, 9-44
- Common shares, 13-6, 13-11–13-12, 13-31
  - acquisitions, recording, 16-16–16-17
  - dividends, 13-21
  - equity investments, 16-16–16-17, 16-19–16-21
  - investments, accounting, 16-22–16-23
  - investor ownership, 16-24
  - value, increase, 17-25
  - weighted average number, 14-24, 14-32
- Common size analysis, 18-11
- Company
  - assets, safeguarding, 10-22
  - corporate income tax return (T2), 13-16
  - long-term stability, 11-2
  - outcomes, identification (nonrequirement), 11-20
  - strategic investments, making, 16-5
- Comparability, 11-9–11-10, 11-39
- Comparative analysis, 18-4
- Comparative balance sheet, 17-8
- Comparison tools, basis, 18-6
- Complete, 11-8, 11-39
- Components
  - component of an entity, 14-12, 14-31
  - cost allocation, 9-6–9-7
  - significant components, 9-7
- Compound interest, PV-1–PV-3
  - calculation, PV-2–PV-3
  - simple interest, comparison, PV-2
  - usage, PV-2
- Comprehensive income, 14-11–14-15, 14-31, 18-33, 18-34
  - statement, 14-14, 14-32, 16-29–16-30
- Comprehensive income (loss), calculation, 14-13
- Computer equipment, five-step model, 11-18–11-19
- Computer spreadsheet
  - calculation, present value, PV-6–PV-7
    - annuity, PV-11–PV-12
    - bond, PV-16, PV-17
    - single amount, PV-7
  - financial calculator, comparison, PV-6
  - usage, PV-7
  - using, calculation
    - Canada student loans, PV-21
    - interest rate for notes payable, PV-20–PV-21
    - periodic payment for notes payable, PV-20
- Conceptual framework of accounting, 11-39
  - summary, 11-36–11-37
- Condensed income data, 17-36
- Confirmatory value
  - usage, 11-7
- Conservatism, 11-9
- Consistency, 11-9, 11-39
- Consolidated financial statements, 16-36
  - audit, auditor responsibilities, A-2
  - notes, excerpts, A-7–A-26
  - results, 16-24
- Consolidated statement of financial position
  - example, A-4
- Consolidated statements of cash flows, A-6
- Consolidated statements of changes in equity, A-5
- Consolidated statements of comprehensive income, A-3
- Consolidated statements of income, A-3
- Constraints, 11-33–11-37
  - cost constraint, 11-35–11-36
- Contingency, 10-13–10-14, 10-40
  - likelihood/estimation, 10-13–10-14
  - partial note, 10-14
  - reporting/disclosing, 10-14
  - unlikelihood, 10-14
- Continuing operations, 14-11–14-13, 14-31
- Continuous life, 13-4
- Contract, 11-39
  - definition, 11-15
  - details, 11-23
  - performance obligations, identification, 11-15

- Contract-based approach, 11-25
    - basis, 11-14–11-15
    - earnings approach, contrast, 11-27
    - five-step model, 11-15
  - Contractual interest rate, 15-6, 15-15, 15-45
    - equals, market interest rate, PV-14–PV-15
    - tables, PV-14–PV-15
    - greater than, market interest rate, PV-16–PV-17
    - computer spreadsheets, PV-17
    - financial calculator, PV-16
    - tables, PV-16
    - less than, market interest rate, PV-15–PV-16
    - computer spreadsheets, PV-16
    - financial calculator, PV-15
    - usage, 15-11
  - Contributed capital, 13-25, 13-31, 14-19
  - Contributed surplus, 13-25
    - account, balance, 14-9
    - absence, 14-10
  - Control
    - transfer, indications, 11-15
  - Convertible bonds, 15-6, 15-45
  - Convertible preferred shares, 13-14, 13-31
  - Copyrights, 9-34, 9-44
  - Corporate income statements, 13-15–13-17, 13-30–13-31
  - Corporate income tax return (T2), 13-16
  - Corporate organization, 13-8
  - Corporate social responsibility (CSR), 13-17, 13-26
  - Corporation, 13-3, 13-31
    - advantages/disadvantages, 13-5
    - analysis, 13-26–13-27
    - authority structure, 13-7
    - bond transactions, recording, 15-6
    - characteristics, 13-3–13-5
    - classification, 13-3
    - closing entries, 13-22–13-23
    - closing process, 13-22
    - demonstration, 13-28–13-30, 14-28–14-30
    - formation, 13-6
    - management, 13-7
    - operation, 13-5–13-8
    - separate legal existence, 13-3–13-4
    - topics, 14-1
  - Cost allocation, 9-8
  - Cost constraints, 11-35–11-36, 11-40
  - Cost method, 16-26, 16-27
  - Cost model, 9-1, 9-44
    - reevaluation model, contrast, 9-19–9-20
  - Cost of borrowing, reduction, 15-20
  - Cost of goods purchased
    - calculation, 17-14
  - Cost of goods sold
    - cash payment conversion, 17-17
    - decrease, 17-14
    - expense account, increase, 11-25
  - Coupon interest rate, 15-6, 15-45
  - COVID-19 pandemic, 13-2, 16-12
    - impact, 15-5
  - CPP. *See* Canada Pension Plan
  - CRA. *See* Canada Revenue Agency
  - Credit risk, A-24–A-25
  - Critical event, 11-25
  - CSR. *See* Corporate social responsibility
  - Cumulative, 13-13, 13-31
    - dividends, 13-13
  - Cumulative preferred share dividends
    - calculation, 13-20
  - Cumulative shares, 14-24
  - Current asset accounts
    - changes, adjustments, 17-13
  - Current assets
    - decrease, 17-19
    - increase, 17-19
  - Current cost, 11-29, 11-30, 11-40
  - Current income tax, A-9
  - Current liabilities, 10-3–10-9
    - accounting, 10-40
    - accounts, changes, 17-12–17-19
    - changes, 17-16
    - decrease, 17-19
    - increase, 17-19, 18-8
    - preparation, 10-40
    - presentation, 10-25
    - reporting, 10-9
  - Current ratio, 18-15–18-16, 18-20
  - Current value, 11-29
  - Customers
    - cash receipts, 17-31
    - calculation, 17-31
    - contract, identification, 11-15
    - credit checks, 11-26
    - loyalty programs, 10-11–10-12, 10-40
- D**
- Data
    - visualization, usage, 14-52–14-53
  - Data analytics, 10-12, 14-52
    - financial analysis, relationship, 18-5
    - usage, 11-31, 14-53–14-54
  - Days sales in inventory, 18-18
  - Debentures, 15-5, 15-45
  - Debit
    - income summary, 12-12
  - Debt investments
    - accounting, 16-36
    - bonds, 16-18–16-19
    - gain/loss, 16-13
    - valuation, 16-8
  - Debts, 16-3
    - balance sheet presentation, 16-31–16-32
    - increase, 15-5
    - instruments, 16-3, 16-36
    - investments reported at amortized cost, accounting, 16-7–16-14
    - long-term debt, current maturities, 10-8–10-9
    - ratios, 15-39
  - Debt to total assets, 15-45, 18-22
    - measurement, 15-38–15-39
    - ratios, 18-22
  - Declaration date, 13-18, 13-20, 13-31
    - usage, 14-4
  - Declining-balance method, 9-11
  - Deficiency
    - nonpayment, 12-29–12-30
    - payment, 12-29
  - Deficit, 13-25, 13-31
  - Delivery truck
    - cost, calculation, 9-6
    - data, 9-9, 9-15
    - revised depreciation data, 9-21
  - Departing partner, bonus, 12-22–12-23
  - Depletion, 9-44
    - calculation, 9-44
  - Depreciable amount, 9-9–9-12, 9-17, 9-44
  - Depreciation, 9-8–9-17
    - adjustment, 17-11
    - allocation concept, 9-8
    - calculation
      - factors, 9-8–9-9
    - demonstration, 9-41–9-43
    - expense, 17-11
    - patterns, 9-14
    - income tax, relationship, 9-16
    - methods, 9-9–9-13, 9-17
      - application, 9-43
      - changes, 9-18, 9-20
      - comparison, 9-13–9-14
    - rate, 9-11
    - revised calculations, 9-20–9-22
    - updating, 9-23
  - Derecognition, 9-22, 11-13–11-14, 11-40
  - Determinable liabilities, 10-3
  - Digital-by-default model, 10-2
  - Diminishing-balance depreciation, 9-9, 9-11–9-12, 9-14
    - partial year, 9-15–9-16
  - Diminishing-balance method (declining balance method), 9-11, 9-44

- Direct method, 17-7, 17-30–17-36, 17-42
- Discontinued operations, 14-11–14-13, 14-14, 14-31
- calculation, loss
- disposal, 14-13
- operation, 14-13
- usage, 14-13
- Discount, 15-12, 15-15, 15-45
- amortization, 16-8
- recording, 16-9, 16-10–16-12
- amortizing the discount, 15-16, 15-45
- bonds issuance, 15-15–15-19
- Discount rate, PV-3
- Disposal, recording, 9-23
- Disposition at maturity, 16-8
- Distribution date, 14-4, 14-31
- Dividends, 13-7, 13-31
- analysis, data visualization (usage), 14-52–14-53
- arrears, 13-13, 13-18
- board of directors declaration, 13-18
- cumulative dividend, 13-13
- dates, 13-18, 13-19
- declaration, 13-21
- dividends in arrears, 13-13, 13-31
- entitlement, 13-13
- liquidation preference, 13-13
- performance, 14-31
- preference, 13-13
- priority, 13-12
- record, 14-25–14-26
- revenue, recording, 16-17, 16-20
- Dividends paid in cash, calculation
- formula, 17-26
- Dividends received, recording, 16-25–16-26
- Dollar amount
- elements, PV-14
- variable of present value, PV-3
- Double diminishing-balance depreciation, schedule, 9-11
- partial year, 9-16
- method, 9-11–9-12, 9-44
- formula, 9-11
- Drawings accounts, 12-12, 12-13
- E**
- Earned revenue accounts, 10-5
- Earnings, 1-21, A-8
- performance, 14-23–14-25, 14-31
- trends, 18-1–18-2
- Earnings approach, 11-25–11-27
- contract-based approach, contrast, 11-27
- merchandise example, 11-26
- Earnings before interest and tax (EBIT), 15-39, 15-45, 18-22
- Earnings per share (EPS), 14-23–14-25, 14-27, 14-31, 18-28
- calculation, 14-23–14-24
- EBIT. *See* Earnings before interest and tax
- Economic
- activity, denominator, 11-34
- benefits, 18-33
- factors, 18-34
- Education/living expense, 15-31
- Effective-interest method, 15-16–15-17, 15-20, 16-11
- usage, 16-8, 16-10–16-12
- Effective-interest method of
- amortization, 15-14, 15-45
- Effective rate, 15-7, PV-3
- EI. *See* Employment insurance
- Elements, measurement, 11-29–11-30
- Employees
- benefits, 10-19, 10-40
- cash payments, 17-34
- cheque payments, 10-16
- earnings record, 10-19, 10-41
- paid absences, 10-19
- payroll costs, 10-15–10-18, 10-21
- payroll deductions, 10-17–10-18, 10-18
- post-employment benefits, 10-19
- Employers
- CRA mandatory payroll deduction remittance, 10-24
- payroll costs, 10-19, 10-21
- payroll deductions, 10-38
- Employment insurance (EI), 10-19, 10-28, 10-41
- contribution rates/maximums, 10-28
- premiums, 10-33–10-35
- formula, 10-28
- Entity
- cash flow generation, 17-3
- component, 14-12, 14-31
- dividends/obligations, payment/meeting, 17-3
- Environmental, sustainable, and governance (ESG) goals, 15-1–15-2
- EPS. *See* Earnings per share
- Equipment, 9-5, 9-6
- accounts, 9-24
- adjustments, 17-23
- analysis, 17-22, 17-23
- expenditures, 9-4
- retired equipment, gain/loss calculation, 9-25
- sale, 17-22
- usage, 9-19
- value, increase, 17-22
- Equity, 11-6
- accounts, changes (schedule), 14-21
- bonds (contrast), 15-4
- financing, debt (advantages), 15-4
- instruments, 16-3, 16-36
- balance sheet presentation, 16-31–16-32
- investments (common shares), 16-16–16-17, 16-19–16-21
- issuance, effects (comparison), 15-4
- method, 16-25–16-26, 16-27, 16-36
- Equity securities, 16-3
- Errors
- error on profit, effects, 14-17
- misstatements, 11-30–11-33
- Estimated inventory returns
- decrease, 11-25
- Estimated useful life, 9-20, 9-33
- Estimates, misstatement, 11-31
- Excess cash, 16-3
- Expected value, 11-20, 11-40
- Expenditures, description, 9-4
- Expense accounts, 12-12
- Expense recognition, 11-28–11-29
- criteria, 11-28–11-29, 11-40
- summary, 11-29
- usage, 11-31
- Expenses
- recording, failure, 11-31
- revenue, direct relationship (absence), 11-29
- Extended warranties, 11-28
- F**
- Face value, 15-6, 15-8, 15-9, 15-45
- bonds, issuance, 15-14–15-15
- calculation, 15-11
- Fair value, 1-16, 11-29, 11-30, 16-15, 16-36, A-12–A-13
- adjustments, 16-16, 16-36
- gains/losses, recording, 16-16
- profit/loss, 16-16–16-19
- recording, 16-17, 16-20
- requirement, 16-15
- assets invested, 12-7, 12-8
- declaration date, 14-4
- investments, accounting, 16-15–16-23, 16-36
- noncash assets, 12-8
- other comprehensive income, usage, 16-19–16-21
- Fair value through other comprehensive income (FVTOCI), 16-5, 16-15, 16-19, 16-20, 16-28, 16-36
- classification, 16-21, 16-24
- method, 16-20

- Fair value through profit of loss (FVTPL), 16-4, 16-15, 16-19, 16-20, 16-28, 16-36–16-37  
classification, 16-21, 16-24
- Faithful representation, 11-8–11-9, 11-40
- Federal tax deductions, 10-35–10-36
- FIFO. *See* First-in, first-out
- Financial analysis, 12-53, 14-50–14-51  
comparisons, types, 18-4  
data analytics, relationship, 18-5  
usefulness, 18-4
- Financial calculator  
calculation  
Canada student loans, PV-21  
interest rate for notes payable, PV-20  
periodic payment for notes payable, PV-19  
calculation, present value, PV-5–PV-6  
annuity, PV-11  
bond, PV-15, PV-16  
computer spreadsheet, comparison, PV-6  
keys, PV-6  
usage, 16-10, PV-7
- Financial information, 17-9  
completeness, 11-8  
example, 14-26  
guidance, measurement criteria (usage), 11-12  
material error, 11-9  
neutrality, 11-9  
qualitative characteristics, 11-7–11-12  
application, 11-11  
enhancement, 11-10  
IFRS/ASPE differences, 11-11  
relevance, 11-7–11-8, 11-35
- Financial instruments, A-13, A-15
- Financial leverage, 15-4, 15-45, 18-27
- Financial reporting, 11-1, 14-50–14-51  
assumptions, 11-33–11-37, 11-39  
concepts, 11-33–11-37, 11-39  
conceptual framework  
qualitative characteristics, application, 11-39  
recognition/measurement criteria, application, 11-39  
constraints, 11-33–11-37, 11-39  
demonstration, 11-37–11-38  
objective, 11-4, 11-5–11-7, 11-39, 11-40  
problem, 11-60, 12-53, 13-47, 15-64, 16-55, 17-73, 18-64  
uncertain times, 11-2
- Financial reporting and analysis, 9-65–9-66, 10-62–10-63
- Financial risk management objectives/policies, A-24–A-25
- Financial statements, 1-19–1-24, A-1  
analysis, 18-1, 18-36  
basics, 18-3–18-6  
demonstration, 18-35–18-36  
limitations, 18-32–18-34, 18-37  
elements, 11-4, 11-5, 11-6, 11-39, 11-40  
expression, 18-11  
full disclosure, 11-35  
information  
usage, 17-36–17-38  
interpretation, 9-66, 10-62–10-63, 11-60, 12-53, 13-48, 14-50–14-51, 15-64, 16-56, 17-73–17-74, 18-64  
investments, reporting, 16-36  
preparation, 12-24  
presentation, 10-25–10-26, 10-25–10-26, A-7–A-8  
user understanding, increase, 11-4
- Financing activities, 17-4–17-5, 17-42  
indirect method steps, 17-24–17-27
- First-in, first-out (FIFO), 18-33
- Fixed interest rate, 15-27, 15-45
- Fixed principal payments, 15-27–15-28
- Fixed ratio, 12-9  
usage, 12-10–12-12
- Floating (variable) interest rate, 15-27, 15-46
- Foreign currency translation/transactions, A-8
- Formal accounting entry, 13-9
- Franchises, 9-36–9-37, 9-45
- Fraud  
anatomy, 10-23, 18-10  
example, 10-23
- Free cash flow, 17-37–17-38, 17-42, 18-23
- Fulfillment value, 11-30
- Full disclosure, 11-40  
concept, 11-35
- Full first year policy, 9-14
- Fully diluted earnings per share, 14-25, 14-32
- “Future,” term (meaning), 11-13
- Future cash flows. *See also* Annuities  
calculation, value in use, PV-24  
computer spreadsheet, PV-23  
financial calculator, PV-23  
tables, PV-22–PV-23  
discount, PV-3  
present value of, PV-9–PV-13
- Future cash inflows/outflows, present value, 11-30
- Future value (FV), 15-12, 15-45  
investment, PV-3  
of notes payable, PV-18
- FVTOCI. *See* Fair value through other comprehensive income
- FVTPL. *See* Fair value through profit of loss
- G**
- GAAP. *See* Generally accepted accounting principles
- Gain/loss, 17-11–17-12  
calculation, 9-23  
recognition, 12-25
- Gain/loss on realization, 12-25
- Gains, deduction, 17-12
- Generally accepted accounting principles (GAAP)  
application, absence, 11-34
- General recognition, 11-12–11-14
- Gift cards, 10-12
- Global Bond Index, decline, 16-12
- Going concern assumption, 11-34, 11-40
- Going-out-of-business sale, 12-27
- Goods  
control transfer, indications, 11-15  
fair value, 13-11  
physical shipping, 11-27  
sale, 11-16–11-17
- Goods and Services Tax (GST), 1-20, 10-7, B-1, B-9–B-10
- Goodwill, 4-20, 9-1, 9-32–9-38, 9-45, A-12, A-20  
accounting issues, identification, 9-44
- Government regulations, 13-5
- Green bonds, 15-7
- Gross pay, 10-15–10-16, 10-41
- Gross profit margin, 18-25–18-26
- Growth, strategic investments (usage), 16-1–16-2
- GST. *See* Goods and Services Tax
- H**
- Half year policy, 9-14
- Harmonized Sales Tax (HST), 10-7, B-2
- Held-for-trading investments, 16-4, 16-37
- Historical cost, 11-29, 11-30, 11-40  
basis, 11-35
- Holding gains/losses, 16-15
- Horizontal analysis, 18-4–18-11, 18-36, 18-37  
purpose, 18-6
- Horizontal dollar change, formula, 18-8
- Horizontal percentage change for period, 18-7, 18-37
- HST. *See* Harmonized Sales Tax
- Human resource controls  
absence, 10-23

**I**

- IFRS. *See* International Financial Reporting Standards
- Impairments, 9-18–9-19, 9-65
  - loss, 9-18, 9-45
- Imputed rate, PV-3
- Income, 11-6
  - ratio, 12-9
  - summary account, 12-12
- Income statement (statement of earnings) (statement of operations), 16-29–16-30, 17-8, 18-8–18-9
- horizontal analysis, 18-9
- percentages, calculation, 18-14
- preparation, 13-17, 14-31
- presentation, 15-36
  - discontinued operations, usage, 14-13
- vertical analysis, 18-13–18-15
  - formula, 18-14
- Income taxes, 13-5, A-9
  - cash payments, 17-34–17-35
  - calculation, 17-34
  - depreciation, relationship, 9-16
  - expense, 14-12
  - recording, 13-17
- Income Tax Expense, balance, 13-16
- Income tax payable
  - account, analysis, 17-34
  - adjustments, 17-17
  - analysis, 17-18
  - changes, 17-17–17-19
- Incorporation, usage, 13-1–13-2
- Independent auditor's report, excerpts, A-1
- Indirect method, 17-7, 17-8–17-29, 17-28, 17-42
- Individuals, association, 12-3
- Information
  - quality, 18-33–18-34
- Information technology (IT)
  - five-step model, 11-17–11-18
- Initial public offering (IPO), 13-9–13-10, 13-31
- Instalment notes, 15-27, 15-45
  - fixed principal payments, differences, 15-29
- Instalment notes payable, 15-27–15-32, 15-44
- Instalment payment schedule, 15-28, 15-29
- Instalments, 15-27, 15-45
- Instalment schedule, preparation, 15-31–15-32
- Insurable earnings, 10-28, 10-41
- Intangible assets, 4-20, 9-1, 9-32–9-38, 9-45, A-10–A-11, A-18–A-19
  - accounting, 9-33–9-34, 9-37–9-38
  - issues, identification, 9-44
- amortization, 9-33
  - cost, 9-33
  - disposal, 9-34
  - finite lives, 9-34–9-35
  - impairment, 9-34
  - indefinite lives, 9-35–9-37
  - periodic amortization, revision, 9-34
- Intentional misstatements, 11-30–11-33
- Intercompany basis, 18-4
- Intercompany comparability, 18-33
- Intercompany comparison, 18-12–18-13, 18-20, 18-24, 18-29
- Interest
  - accrual/amortization, 15-24–15-25
  - allowances, 12-9
  - calculation, 15-9
  - cash payments, 17-34
  - compound, PV-1–PV-3
  - coverage, 15-39, 18-22–18-23
  - ratios, 15-39, 15-45, 18-23
  - fixed ratio usage, 12-10–12-12
  - paid, 17-25
  - payments, 15-11
    - present value, calculation, 15-11
  - rate, PV-1, PV-12
    - determination, annual/semi-annual payments, PV-14
    - relationship, bond market price, PV-17
    - variable of present value, PV-3
  - simple, PV-1–PV-3
  - usage, PV-1
- Interest calculation, 10-6
  - formula, 10-6
- Interest expense
  - debit, 15-18, 15-21
  - determination, 15-14
- Interest payable, credit, 15-21
- Interest payment (PMT), 15-12, 15-15
- Interest purchase, comparison, 12-17
- Interest rates, 15-13
  - expression, 10-6
  - fixed interest rate, 15-27
  - floating (variable) interest rate, 15-27
- Interest revenue, 16-8
  - calculation, 16-11
  - recording, 16-9, 16-10–16-12, 16-18
- Internal control
  - objectives, 10-22
  - payroll internal control, 10-22–10-24
- International Financial Reporting Standards (IFRS), 9-19, 12-7, 14-1
  - accordance, A-2, A-7
- Accounting Standards for Private Enterprises (ASPE), comparison, 9-40, 10-38, 11-37, 13-28, 14-28, 15-40, 16-32, 17-39, 18-35
- cash flow statement, 17-28
- indirect method, 17-28
- reporting
  - dividends, 17-5
  - total income taxes
    - decrease, 17-5
  - using
    - indirect method, 17-19
- Internet service provider (ISP), contact, 9-34
- Intracompany basis, 18-4
- Intracompany comparability, 18-33
- Intracompany comparison, 18-11–18-12, 18-19, 18-23, 18-29
- Intraperiod tax allocation, 14-12, 14-32
- Inventory, A-9
  - account
    - analysis, 17-32
    - increase, 17-14
  - adjustments, 17-14
  - analysis, 17-14
  - changes, 17-14–17-15
  - decreases, 17-14
  - increases, 17-14, 18-8
  - sales, acceleration, 18-18
  - supplier cash payment, 17-17
  - turnover, 18-18–18-19
    - ratio(s), 18-9, 18-18
- Investees, 16-10, 16-37
  - decisions, 16-24
- Investing activities, 17-4, 17-5, 17-42
  - indirect method step, 17-20–17-24
- Investments, 18-30
  - accounting, 16-22–16-23
  - admission by investment, 12-17, 12-34
  - classification, 16-3–16-7, 16-35
    - summary, 16-30
  - contractual terms, 16-7
  - current asset classification, 16-28
  - demonstration, 16-32–16-35
  - holding/managing, 16-7
  - investment income, generation, 16-4
  - measurement requirements,
    - summary, 16-30
  - non-current asset classification, 16-29
  - non-current classification,
    - presentation, 16-29
  - presentation, 16-28, 16-30
  - reporting (FVTPL/FVTOCI), 16-15–16-16, 16-28–16-30
  - revenue, presentation, 16-30
  - sale, 16-16
  - temporary investments, 16-3

Investors, 16-10, 16-37  
 common share ownership, 16-24  
 IPO. *See* Initial public offering  
 ISP. *See* Internet service provider  
 Issued shares, 13-9, 13-31  
 Issue price, calculation, 15-15,  
 15-19–15-20  
 IT. *See* Information technology

**J**

Journal entries  
 preparation, 11-23, 11-24  
 recording, absence, 13-4  
 requirement, absence, 11-18, 11-19  
 sale with right of return, 11-27

**K**

Known liabilities, 10-3

**L**

Laidlaw, Rob, 13-9–13-10  
 Land, 9-5  
 classes, 9-5  
 cost, calculation, 9-5  
 improvements, 9-5, 9-45  
 value, increase, 17-21  
 Land, building, and equipment, 9-3  
 Leases, 15-32, 15-45, A-11  
 accounting, 15-44  
 basis, 15-33  
 arrangements, accounting,  
 15-32–15-36  
 assets  
 depreciation, 15-33–15-34  
 capital lease, 15-33, 15-45  
 liabilities, 15-32–15-37, A-20  
 payments, 15-34  
 schedule, 15-34  
 right-of-use assets, A-19  
 short-term leases, 15-35  
 types, 15-35  
 Ledgers  
 balances, 12-17, 12-21, 12-22  
 Legal capital, 13-10, 13-31  
 maintenance, 13-18  
 Length of time, PV-3  
 Lessee, 15-32, 15-45  
 Lessor, 15-32, 15-45  
 Liabilities, 11-6  
 balance sheet, 15-38  
 section, preferred shares  
 (presentation), 13-14  
 certain liability, 10-40  
 determination, 13-16  
 liabilities/known liabilities, 10-3  
 lease liability, 15-32–15-37  
 measurement, 11-30

non-current, 15-1, 15-3  
 demonstration, 15-40–15-44  
 repayment, 15-4  
 uncertain liabilities, 10-9–10-14  
 unlimited liability, 12-4  
 Licences, 9-36–9-37, 9-45  
 Limited liability  
 shareholders, 13-4  
 Limited liability partnership (LLP),  
 12-5, 12-34  
 Limited life, 12-4  
 Limited partnership (LP), 12-4–12-5,  
 12-34  
 Liquidation preference, 13-13  
 Liquidity, 18-19–18-20  
 analysis, ratios (identification/usage),  
 18-36  
 ratios, 18-5, 18-15–18-21, 18-37  
 intercompany comparison, 18-20  
 intracompany comparison, 18-19  
 summary, 18-20  
 LLP. *See* Limited liability partnership  
 Long-lived assets, 9-1, 9-38  
 reporting/analysis, 9-44  
 Long-term creditors, 18-3  
 long-term solvency, 18-21  
 Long-term debt  
 current maturities, 10-8–10-9  
 Long-term financing, 15-3  
 Long-term liabilities, 15-3  
 Loss(es)  
 allocation/recording, 12-33  
 deduction, 17-12  
 division, 12-12  
 reporting, 14-12  
 Loss on realization, 12-28, 12-28  
 LP. *See* Limited partnership  
 Lump sum purchase, 9-6  
 Lütke, Tobias, 10-2

**M**

Mandatory payroll deductions, 10-17,  
 10-26–10-29  
 calculation, 10-40  
 Manufacturing operations, loss,  
 14-13  
 Market interest rate, 15-7–15-8, 15-15,  
 15-45  
 determination, present value of bond,  
 PV-14  
 equals, contractual interest rate,  
 PV-14–PV-15  
 tables, PV-14–PV-15  
 greater than, contractual interest rate,  
 PV-15–PV-16  
 computer spreadsheets, PV-16  
 financial calculator, PV-15

less than, contractual interest rate,  
 PV-16–PV-17  
 computer spreadsheets, PV-17  
 financial calculator, PV-16  
 tables, PV-16  
 usage, 15-15, 15-19  
 Market price, calculation, 15-9  
 Market risk, A-25  
 Market value, 11-30, 15-7, 15-9, 15-45,  
 16-15  
 Matching, usage, 11-29  
 Material error, 11-9, 11-40  
 Materiality, 11-40  
 importance, 11-7  
 Maturity  
 bond maturity, recording, 16-12–16-13  
 bonds at maturity, redeeming, 15-25  
 bonds before maturity, redeeming,  
 15-25–15-26  
 date, 15-6, 15-45  
 value, 15-6, 15-45  
 Measurement  
 application, failure, 11-31  
 concepts, violation, 11-30–11-33  
 criteria, 11-12  
 Merchandise, B-4–B-5  
 earnings approach, 11-26  
 Misstatements, detection, 11-31  
 Monetary unit concept, 11-34  
 Money, time value, 15-8  
 Money-market instruments, 16-8–16-9,  
 16-8–16-9, 16-37  
 Mortgage bond, 15-5, 15-45  
 Mortgage notes payable, 15-27, 15-45  
 Most likely amount, 11-20, 11-40  
 Multiple assets, cost allocation, 9-6–9-7  
 Multiple-element arrangements  
 (separate units of account), 11-28  
 Murphy, Bill, 13-26  
 Mutual agency, 12-4, 12-34

**N**

NACCA. *See* National Aboriginal  
 Capital Corporations Association  
 National Aboriginal Capital  
 Corporations Association  
 (NACCA), 15-30  
 Natural resources, 9-1, 9-30–9-32, 9-45  
 cost, 9-30  
 depletion, 9-30–9-32  
 calculation, 9-32  
 disposal, 9-32  
 transactions, recording, 9-44  
 units-of-production method, formula,  
 9-31  
 NEDC. *See* Nuuchah-nulth Economic  
 Development Corporation

- Net assets, decrease, 12-22
  - Net assets/balances, comparison, 12-20, 12-23, 12-24
  - Net book value, 9-8
  - Net carrying amount, 9-65
  - Net cash, usage, 17-24
    - financing activities, usage, 17-26
    - investing activities, usage, 17-24
  - Net cash provided
    - determination, 17-10–17-11
    - financing activities, usage, 17-24
    - direct method, 17-35
    - investing activities, usage, 17-20
    - operating activities
      - impact, 17-18, 17-19
      - usage, 17-18, 17-19
  - Net partners
    - bonus, 12-18–12-19
  - Net pay, 10-18, 10-41
  - Neutral, 11-9, 11-40
  - New partners
    - admission, 12-16, 12-19
    - capital credit, determination, 12-18, 12-19
  - New partnership, total capital (determination), 12-18, 12-19
  - Noncash activities, 17-6
  - Noncash assets, shares (issuance), 13-11–13-12
  - Noncash current asset accounts
    - changes, 17-12–17-19
    - adjustments, 17-12–17-13
  - Noncash current assets, changes, 17-12–17-13
  - Noncash expenses, addition, 17-12
  - Noncumulative, 13-13, 13-31
    - preferred shares, 13-13
    - shares, 14-23
  - Non-current liabilities, 15-1, 15-3, 15-45
    - decrease, 18-8, 18-12
    - presentation/analysis, 15-45
  - Non-current notes payable, 15-27, PV-18
    - blended principal plus interest payments, PV-19
    - fixed principal payments plus interest, PV-18–PV-19
  - Non-dividend payers, performance (comparison), 14-6
  - Non-payment, risk, 11-26
  - Nonpayment of deficiency, 12-29–12-30
  - Non-strategic investment, 16-3–16-5, 16-37
    - classification, 16-4
    - examples, 16-5
    - determination, 16-5
    - reporting, 16-7
  - No par value shares, 13-10, 13-31
  - Note issuance, recording, 15-31–15-32
  - Notes payable, 10-5, 10-41
    - calculation, interest rate, PV-20–PV-21
    - computer spreadsheets, PV-20–PV-21
    - financial calculator, PV-20
    - tables, PV-20
    - calculation, periodic payment, PV-18–PV-20, PV-22
    - computer spreadsheets, PV-20
    - financial calculator, PV-19
    - tables, PV-19
    - current portion, 15-30
    - future value of, PV-18
    - instalment payment schedule
      - blended principal plus interest payments, PV-19
      - fixed principal payments plus interest, PV-18–PV-19
    - non-current portion, 15-30
    - using present value concepts, PV-18–PV-22
  - Notes to consolidated financial statements, excerpts, A-7–A-26
  - Nuuchah-nulth Economic Development Corporation (NEDC), 15-30
- O**
- Obligation
    - presentation, 10-1
  - OCI. *See* Other comprehensive income
  - Old partners
    - bonus, 12-18
    - capital balances, decrease, 12-19
  - Ontario
    - provincial tax deductions, 10-36–10-37
  - Operating activities, 17-4, 17-5, 17-11, 17-20–17-21, 17-42
    - indirect method step, 17-10–17-20
    - net cash provided, direct method, 17-35
    - positive cash flow, 17-37
  - Operating cash receipts/payments, classes, 17-30
  - Operating cycle, 16-3, 18-19
  - Operating expenditures, 9-4, 9-45
  - Operating expenses, 5-4, B-7–B-8
    - cash payments, 17-33
    - calculation, 17-33
    - calculation, direct method, 17-33
  - Operating lease, 15-33, 15-35, 15-45
  - Operating line of credit, 10-5, 10-41
  - Ordinary annuity
    - payment, PV-11
    - present value, PV-10
  - Ordinary repairs, 9-18, 9-45
  - Organization, 13-9–13-10
    - business partners, disagreement, 12-5
    - corporate form, 13-3–13-8, 13-30
    - costs, 13-6, 13-31
    - partnership form, 12-3–12-6
  - Other comprehensive income (OCI)
    - accumulated other comprehensive income, 14-15, 14-31
    - loss, 14-13–14-15, 14-32
    - usage, 16-19–16-21
  - Other comprehensive loss
    - calculation, 14-14
  - Ownership
    - corporation classification, 13-3
    - percentage, 16-6
    - transfer, 15-33, 15-35
    - transferable ownership rights, 13-4
- P**
- Parent company, 16-24, 16-37
  - Partial bond discount amortization
    - schedule, 16-11
  - Partial-period depreciation, 9-14–9-16
  - Partial year
    - diminishing-balance depreciation, 9-15–9-16
    - double diminishing-balance depreciation schedule, 9-16
    - straight-line depreciation, 9-1
    - units-of-production depreciation, 9-16
  - Partners
    - admission, 12-16–12-20, 12-34
    - accounting, 12-33
    - recording, 12-20
    - capital accounts, ledger balances, 12-21, 12-22
    - death, 12-24–12-25
    - department partner, bonus, 12-22–12-23
    - new partners
      - admission, 12-34
      - bonus, 12-19–12-20
    - old partners, bonus, 12-18
    - personal assets, payment, 12-21
    - remaining partners, bonus, 12-23–12-24
    - allocation, 12-23
    - withdrawal, 12-20–12-25
    - accounting, 12-34
    - recording, 12-24–12-25
  - Partner's equity, statement, 12-15, 12-34

- Partnership, 12-34
  - advantages/disadvantages, 12-5
  - agreement, 12-6, 12-34
  - limited, 12-53
  - assets
    - investment, 12-17–12-20
    - loss, 12-10
    - payment, 12-21–12-24
    - withdrawal, 12-22
  - balance sheet, 12-14–12-15
  - characteristics, 12-3–12-5, 12-33
  - demonstration, 12-32–12-33
  - dissolution, 12-4, 12-34
    - recording, 12-30–12-31
  - financial statements, 12-14–12-15
    - preparation, 12-33
  - formation, 12-7–12-8, 12-33
  - investments, recording, 12-8
    - entries, 12-7
  - liabilities, payment, 12-25
  - limited liability partnership (LLP), 12-5
  - limited partnership (LP), 12-4–12-5
  - net assets, decrease, 12-22
  - organization, 12-6
  - profit/loss, division, 12-8–12-14
  - total capital, decrease, 12-22
- Partnership liquidation, 12-25–12-31, 12-34
  - accounting, 12-34
  - capital deficiency
    - absence, 12-27
    - presence, 12-28
- Partner's interest, purchase, 12-16–12-17
- Par value, 15-6, 15-45
- Patents, 9-34, 9-45
- Payments, 15-12, 15-15
  - date, 13-18–13-19, 13-31
  - payment of deficiency, 12-29
  - withdrawal, 12-21, 12-34
- Payout ratio, 14-25–14-26, 14-32, 18-29
  - alternative payout ratio calculation, 14-26
  - example, 14-26
- Payroll, 10-15–10-24
  - costs, determination, 10-40
  - deductions, 10-17–10-18, 10-26–10-37, 10-41
  - demonstration, 10-39
  - employee payroll costs, 10-15–10-18
  - expenses/liabilities, recording, 10-20–10-21
  - internal control, 10-22–10-24
  - mandatory payroll deductions, 10-17, 10-26–10-29
  - payment, recording, 10-22
  - recording, 10-19–10-22
  - records, 10-20
  - register, 10-20, 10-20, 10-41
  - tables, usage, 10-29–10-37
  - transactions, recording, 10-40
  - voluntary payroll deductions, 10-18
- PC Points, 10-12
- Pensionable earnings, 10-26, 10-41
- Percentage change for period, 18-7, 18-9
- Percentage of the base-year amount, 18-7, 18-37
- Percent changes, horizontal analysis, 18-9
- Percent of base amount, 18-11, 18-12, 18-14
- Performance obligation, 11-40
  - completion, 11-15
  - multiple obligations, 11-18–11-19
  - transaction price, allocation, 11-19
- Periodic amounts, 15-28
- Periodic depreciation
  - factors, 9-43
  - revision, 9-17–9-22, 9-34
- Periodic interest payments, 15-9
- Periodicity concept, 11-34–11-35
- Personal assets, payment, 12-21
- Personal income tax, 10-17, 10-18, 10-28–10-29
- Personal tax credits, 10-29, 10-41
- “Pervasive,” term (meaning), 11-35
- Plant assets, disposal (depreciation expense/loss), 17-33–17-34
- Potential returned goods, cost (recording), 11-25
- Predictive value
  - usage, 11-7
- Preferred shares, 13-12–13-14, 13-31
  - average per share amount, 13-14
  - cash dividends, 13-19–13-20
  - convertible preferred shares, 13-14
  - dividends, 13-21
  - noncumulative preferred shares, 13-13
  - redeemable (callable) preferred shares, 13-14, 13-31
  - retractable preferred shares, 13-14, 13-31
- Premium, 15-12, 15-45
  - amortization, 16-8
  - recording, 16-10–16-12
  - amortizing the premium, 15-20, 15-21, 15-45
  - bonds, issuance, 15-19–15-22
- Prepaid assets, unearned revenues (contrast), 10-4
- Prepaid expenses
  - adjustments, 17-15, 17-33
  - analysis, 17-15
  - changes, 17-15–17-16
  - decrease, 17-15
  - increase, 17-15
- Prepaid insurance, reflection, 17-12
- Presentation, 9-38–9-39
- Present value (PV), 11-29, 11-30, 11-40, 15-9, 15-10, 15-29, 15-45
  - bond
    - calculation, PV-13–PV-18
    - market rate equals contractual rate, PV-15
    - market rate greater than contractual rate, PV-15, PV-16
    - market rate less than contractual rate, PV-16, PV-17
  - calculation, 15-11, 15-12, PV-3, PV-6
  - computer spreadsheet, PV-6–PV-7
  - financial calculators, PV-5–PV-6
  - tables, PV-4–PV-5
  - calculation, financial calculator (usage), 16-10
  - concepts, PV-1–PV-24
    - applying, PV-13–PV-18
    - using, with notes payable, PV-18–PV-22
  - determination, 15-11
  - estimation
    - assets using future cash flows, PV-22–PV-24
  - factor, determination, 15-19
  - formula, PV-4
  - interest
    - compound, PV-1–PV-3
    - simple, PV-1–PV-3
  - investment, PV-3
  - limitations, tables, PV-12
  - ordinary annuity, PV-10
  - series of future cash flows (annuities), PV-9–PV-13
    - calculation, PV-9–PV-13
    - calculation, single sum, PV-6
    - formula, PV-10
    - single amount, PV-3–PV-9
      - calculation, PV-7–PV-9
      - formula, PV-4
    - time diagram, PV-4
    - variables, PV-3–PV-7
- Pressing machine, data, 9-24
- Price-earnings (PE) ratio, 14-25–14-27, 14-27, 14-32, 18-28
  - formula, 14-25
- Prime rate, 10-5, 10-41
- Principal, element of interest, PV-1

- Prior period errors, 14-32  
 Prior period errors, correction, 14-17-14-18  
 presentation, 14-18  
 retrospective restatement, usage, 14-17-14-18
- Private company, shares  
 purchase/reacquisition, 14-7  
 trading, 13-12
- Private corporations, 13-3, 13-31
- “Probable,” term (meaning), 11-13
- Product  
 warranties, 10-10-10-11, 10-41
- Profit  
 adjustments, 17-12, 17-20  
 allocation/recording, 12-33  
 allowances, contrast, 12-10  
 conversion, adjustment types, 17-10  
 decrease, 9-20  
 distribution, 13-7  
 division, 12-4, 12-11, 12-13-12-14  
   recording, entry, 12-10, 12-11  
 error on profit, effects, 14-17  
 margin, 18-26  
 net cash, difference (reasons), 17-3  
 reporting, 14-12
- Profitability (analysis), ratios  
 (identification/usage), 18-37
- Profitability ratios, 18-5, 18-25-18-32  
 intercompany comparison, 18-29  
 intracompany comparison, 18-29  
 summary, 18-29-18-31
- Profit and loss ratio, 12-9, 12-23, 12-34  
 basis, 12-18, 12-19, 12-26
- Property, co-ownership, 12-3
- Property, plant, and equipment (capital assets) (fixed assets), 4-19, 4-20, 9-1, 9-3-9-7, 9-45, A-9-A-10, A-17, A-17, B-8-B-9
- carrying amounts, 18-12
- cost  
 calculation, 9-43  
 determination, 9-4-9-7
- depreciation methods, application, 9-43
- disposal, 9-22-9-30  
 gain, 9-25-9-26  
 loss, calculation, 9-27  
 recording, 9-23
- exchanges, 9-27-9-28
- gain/loss, calculation, 9-23
- recording, steps, 9-22-9-23
- retirement, 9-23-9-25
- sale, 9-25-9-26
- Property taxes, 10-7-10-8
- Pro rata, meaning, 13-7
- Prospective application, 14-16, 14-32
- Provincial Sales Tax (PST), 5-16-5-17, 10-7, B-2-B-3, B-10-B-11
- Provisions, 10-10-10-13, 10-10-10-13, 10-41, A-12, A-21-A-22  
 provision of services, 11-17-11-18  
 warranty provisions, 10-13
- Prudence, 11-9, 11-40
- PST. *See* Provincial Sales Tax
- Public corporations, 13-3, 13-31  
 shares  
 acquisition, 14-7  
 reacquisition, 14-7
- Purchase returns (allowances), B-6, B-7
- Purchases, B-7  
 calculation, 17-32  
 merchandise, B-6-B-7
- Purpose (corporation classification), 13-3
- PV. *See* Present value
- Q**  
 QPP. *See* Quebec Pension Plan  
 Quality of information, 18-33-18-34  
 Quebec Pension Plan (QPP), 10-17
- R**  
 Ratios, 18-36  
 analysis, 18-4, 18-5, 18-37  
 formulas, 18-31  
 types, 18-5
- Realizable value, 11-29, 11-30, 11-40
- Realization, 12-25, 12-34
- Receivables  
 determination, 13-16  
 turnover, 18-17-18-18
- Recognition  
 concepts, violation, 11-30-11-33  
 criteria, 11-12  
 general recognition, 11-12-11-14
- Record date, 13-19, 13-31
- Recoverable amount, 9-18, 9-45
- Redeemable bonds, 15-6, 15-46
- Redeemable (callable) preferred shares, 13-14, 13-31
- Redemption gain/loss, recognition, 15-26
- Redemption price, 15-26, 15-46
- Relevance, 11-7-11-8, 11-40
- Remainder, fixed ratio usage, 12-10-12-12
- Remaining balance, payment, 12-11
- Remaining partners, bonus, 12-23-12-24  
 allocation, 12-23
- Replacement cost, 11-30
- Reporting entity  
 concept, 11-34, 11-40  
 consolidation, 11-34
- Research and development (R&D)  
 costs, 9-35, 9-45
- Reserve, 14-15
- Residual value, 9-9, 9-11, 9-21, 9-45
- Retained earnings, 13-15, 13-25, 13-31  
 account, 13-25, 14-15  
 adjustments, 17-25  
 analysis, 17-25  
 error correction, 14-17  
 reporting, 13-21-13-24  
 statement, 13-21-13-22, 13-23-13-24, 13-31, 13-32  
 updated balances, 14-15  
 value, increase, 17-25-17-26
- Retired equipment, gain/loss  
 calculation, 9-25
- Retractable preferred shares, 13-14, 13-31
- Retrospective application, 14-32  
 usage, 14-16-14-17
- Retrospective restatement, 14-32  
 usage, 14-17
- Returned goods, cost, 11-22-11-23
- Return on assets (ROA), 9-39, 9-40, 9-45, 18-27
- Return on equity (ROE), 13-27, 13-31, 18-27
- Return on investment (ROI), 18-27
- Revaluation model, 9-45  
 cost model, contrast, 9-19-9-20
- Revenue, 11-6  
 account, debiting, 12-12  
 expenses, direct relationship (absence), 11-29  
 increase, example, 14-27  
 recording, failure, 11-31
- Revenue recognition, 5-37, A-8, 11-14-11-19  
 amount, determination, 11-22, 11-24  
 approaches, 11-32-11-33  
 cash collection, 11-27  
 cash receiving, dependence (absence), 11-15  
 contract-based approach, five-step model, 11-15, 11-16, 11-17  
 criteria, 11-14, 11-40  
 journal entries, preparation, 11-23  
 performance obligation completion, 11-15
- Reverse stock split, 14-5, 14-32
- Revised depreciation calculations, 9-20-9-22
- Revised straight-line depreciation, formula, 9-21

- Right of return, 11-27–11-28  
journal entries, 11-27
- Right-of-use assets, A-11
- ROA. *See* Return on assets
- ROE. *See* Return on equity
- ROI. *See* Return on investment
- Royalties, 9-37, 9-45
- S**
- Salaries  
allowances, 12-9  
fixed ratio usage, 12-10–12-12  
payable, reflection, 17-12
- Sale of goods, 11-16–11-17
- Sales  
discount(s), 11-22–11-25  
five-step model, 11-22  
with PST, B-4, B-5  
returns (allowances), 5-15, B-4–B-5  
right of return, 11-21–11-22,  
11-23–11-25, 11-27–11-28  
five-step model, 11-21, 11-23–11-24  
journal entries, 11-27  
sale at maturity, 16-8
- Sales of goods, 11-25–11-27  
earnings approach, usage, 11-25
- Sales of services, 11-27
- Sales taxes, 5-16–5-17, 10-7, B-1–B-11  
goods and services tax, B-1  
harmonized, B-2  
payments, B-5–B-9  
provincial, B-2–B-3  
receipts, B-3–B-5  
remittance, B-9–B-11  
types, B-1–B-3
- Salvage value, 9-9
- SCENE points, 10-12
- Secondary market, 13-9, 13-31
- Secured bonds, 15-5, 15-46
- Securities, 13-9  
classification, 16-21
- SEDAR database, 18-5
- Separate legal existence, 13-3–13-4
- Separate statement format (statement of comprehensive income), 14-14
- Services, B-4  
control transfer, indications, 11-15  
fair value, 13-11  
provision, 11-17–11-18  
with PST, B-3  
sales of services, 11-27  
shares, issuance, 13-11–13-12
- Seventh Generation Principle, 16-4
- Share-based payments, A-15
- Share capital (common shares), 13-9,  
13-25, 13-30, 13-31  
authorization, 13-9
- Shareholder  
income distribution, 13-5  
limited liability, 13-4  
ownership rights, 13-6
- Shareholder equity, 4-22, 13-27, 13-31,  
A-22–A-24  
analysis, 14-23–14-27  
changes, 14-4, 14-14  
reporting, 14-19–14-22  
presentation, 13-25–13-26  
section, 13-25–13-26  
statement of changes, 14-20–14-22,  
14-31, 14-32  
stock dividend effects, 14-4, 14-6  
stock split, effects, 14-5  
transactions, summary, 14-19–14-20
- Share issue considerations, 13-9–13-11
- Shares  
acquisition, recording, 16-20, 16-25,  
16-26  
common shares, 13-11–13-12  
conversion, 13-14  
cost, shares reacquisition (difference),  
14-8  
dollar amount, removal, 14-8  
fraction of the year adjustment, 14-24  
issuance, 13-5, 13-9–13-10, 13-15  
market value, 13-10–13-11  
no par value shares, 13-10, 13-31  
preferred shares, 13-12–13-14  
profit/loss, recording, 16-25  
reacquisition, 13-5, 14-7–14-11, 14-31  
accounting, summary, 14-10  
retirement, calculations, 14-8  
sales, recording, 16-17, 16-20–16-21  
stock dividend distribution, 14-3
- Short-term creditors, 18-3  
liquidity ratios, 18-15
- Short-term leases, 15-35
- Significant components, 9-7
- Simple interest, PV-1–PV-3  
calculation, PV-2–PV-3  
compound interest, comparison, PV-2  
formula, PV-1  
usage, PV-2
- Sinking fund bond, 15-5, 15-46
- SLBs. *See* Sustainability-linked bonds
- Solvency  
analysis, ratios (identification/usage),  
18-36  
measure, 17-37  
ratios, 18-5, 18-21–18-25, 18-37  
intercompany comparison, 18-24  
intracompany comparison, 18-23  
summary, 18-24
- Stand-alone amount, determination  
(impossibility), 11-19
- Stand-alone selling price, 11-15, 11-40
- Stated interest rate, 15-6, 15-46
- Statement of changes in equity, 14-19
- Statement of changes in shareholders' equity, 14-19, 14-20–14-22, 14-31,  
14-32
- Statement of comprehensive income,  
14-14, 14-15, 14-32, 16-29–16-30  
formats, 14-14  
preparation, 14-31
- Statement of financial position, 11-12,  
11-13
- Statement of partner's equity, 12-14,  
12-15, 12-34
- Statement of retained earnings (ASPE  
only), 13-21–13-22, 13-23–13-24,  
13-31, 13-32  
error correction, 14-18–14-19
- Statement of shareholders' equity,  
14-19
- Statement presentation/analysis,  
9-38–9-39, 13-24–13-27,  
15-37–15-39
- Stewardship, 11-6, 11-40
- Stock dividends, 14-3–14-5, 14-31,  
14-32  
effects  
comparison, 14-6–14-7  
differences, 14-6
- Stocks, 13-9
- Stock splits, 14-3, 14-5, 14-31, 14-32  
effects, 14-53–14-54  
comparison, 14-6–14-7  
differences, 14-6  
reverse stock split, 14-5
- Straight-line depreciation, 9-9, 9-10,  
9-14  
partial year, 9-15  
revised straight-line depreciation,  
formula, 9-21  
schedule, 9-10, 9-15
- Straight-line method, 9-45  
formula, 9-10
- Strategic investments, 16-3, 16-5–16-7,  
16-37  
accounting, 16-23–16-27, 16-36  
financial reporting guidelines, 16-24  
reporting, 16-7  
usage, 16-1–16-2
- Subsidiary company, 16-24, 16-37
- Substance over form, concept, 11-8
- Success, partnering, 12-1–12-2
- Suppliers, cash payments, 17-31–17-33  
calculation, 17-32, 17-33  
direct method, 17-33
- Sustainability-linked bonds (SLBs),  
usage, 15-1–15-2

**T**

Tainwala, Ramesh, 11-36  
 Tangible assets, 9-32–9-33, 9-45  
 Tax-free savings account (TFSA),  
 16-31  
 Temporary investments, 16-3  
 TFSA. *See* Tax-free savings account  
 Time diagram  
 present value, PV-4, PV-14  
 three-year annuity, PV-9  
 Timeliness, 11-10, 11-40  
 Time periods  
 element of interest, PV-1  
 interest rate, PV-12  
 less than one year, PV-12  
 Times interest earned ratio, 15-39  
 Time value of money, 15-8  
 Tim's Rewards, 10-12  
 Total capital  
 decrease, 12-22  
 increase, 12-17  
 Total cost of borrowing, 15-16, 15-20  
 alternative, 15-16, 15-20  
 Total interest expense, calculation, 10-6  
 Total payroll expense, calculation,  
 10-20  
 Total shareholder equity, usage, 18-27  
 Trade-in allowance, 9-26–9-28, 9-45  
 Trademarks, 9-35–9-36, 9-45  
 Trade names, 9-35–9-36, 9-45  
 Trade payables, 10-3  
 Trade receivables, 8-3, A-9, A-13,  
 A-15–A-16  
 Trading investments, 16-4

## Transaction

financing, 17-3  
 partnership net asset/total capital,  
 increase, 12-17  
 price  
 determination/allocation, 11-15,  
 11-40  
 expected value, 11-20  
 valuation, 13-12  
 Transferable ownership rights, 13-4  
 Treasury bills (short-term debt  
 instruments), 16-8  
 acquisitions, recording, 16-9  
 maturity, recording, 16-9  
 Treasury shares, 14-8, 14-32  
 Trend analysis, 18-6, 18-37

**U**

Uncertain liabilities, 10-9–10-14  
 accounting, 10-40  
 Understandability, 11-10, 11-40  
 Unearned revenue, 10-4  
 accounts, 10-5  
 prepaid assets, contrast, 10-4  
 Unit of account, 11-28  
 Units-of-production, 18-33  
 depreciation, 9-9, 9-12–9-13  
 partial year, 9-16  
 results, 9-14  
 schedule, 9-13  
 method (units-of-activity method),  
 9-12, 9-45  
 formula, 9-12  
 Unrealized gains/losses, 16-15

Unsecured bonds, 15-5, 15-46  
 Useful life, 9-9, 9-45  
 capital expenditures, 9-18  
 estimated useful life, 9-20, 9-33

**V**

Value in use, 11-30  
 Variable consideration, 11-15,  
 11-20–11-28, 11-40  
 Variable (floating) interest rate, 15-27,  
 15-46  
 Vehicles  
 accounts, 9-28  
 data, exchange, 9-27  
 disposal, loss (calculation), 9-28  
 new vehicle, cost (calculation), 9-28  
 Verifiability, 11-10, 11-40  
 Vertical analysis, 18-4, 18-5,  
 18-11–18-15, 18-36, 18-37  
 balance sheet, 18-11–18-13  
 income statement, 18-13–18-15

**W**

Warranties, 11-28  
 Warranty provisions, 10-13  
 Weighted average number of common  
 shares, issuance, 14-24, 14-32  
 Wilson, Chip, 9-2  
 Withdrawal, recording (entry), 12-24  
 Workplace health/safety/  
 compensation, 10-19

**Y**

Yield, 15-7

