Accounting Principles

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Thirteenth Edition

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* Available in WileyPLUS and Wiley Custom.

From the Authors

Dear Student,

WHY THIS COURSE? Remember your biology course in high school? Did you have one of those "invisible man" models (or maybe something more high-tech than that) that gave you the opportunity to look "inside" the human body? This accounting course offers something similar. To understand a business, you have to understand the financial insides of a business organization. An accounting course will help you understand the essential financial components of businesses. Whether you are looking at a large multinational company like **Apple** or **Starbucks** or a single-owner software consulting business or coffee shop, knowing the fundamentals of accounting will help you understand what is happening. As an employee, a manager, an investor, a business owner, or a director of your own personal finances—any of which roles you will have at some point in your life—you will make better decisions for having taken this course.

"Whether you are looking at a large multinational company like **Apple** or **Starbucks** or a single-owner software consulting business or coffee shop, knowing the fundamentals of accounting will help you understand what is happening."

WHY THIS TEXT? Your instructor has chosen this text for you because of the authors' trusted reputation. The authors have worked hard to write a text that is engaging, timely, and accurate.

HOW TO SUCCEED? We've asked many students and many instructors whether there is a secret for success in this course. The nearly unanimous answer turns out to be not much of a secret: "Do the homework." This is one course where doing is learning. The more time you spend on the homework assignments—using the various tools that this text provides—the more likely you are to learn the essential concepts, techniques, and methods of accounting. Besides the text itself, WileyPLUS also offers various support resources.

Good luck in this course. We hope you enjoy the experience and that you put to good use throughout a lifetime of success the knowledge you obtain in this course. We are sure you will not be disappointed.

Jerry J. Weygandt
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Author Commitment



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Accounting Principles, *Thirteenth Edition*, provides a simple and practical introduction to the fundamentals of accounting. It explains the concepts you need to know. This edition continues this approach by offering even more explanations, illustrations, and homework problems to help students get a firm understanding of the accounting cycle.

DO IT! Exercises

DO IT! Exercises in the body of the text prompt students to stop and review key concepts. They outline the Action Plan necessary to complete the exercise as well as show a detailed solution.

DO IT! 3 | Correcting Entries

Sanchez Company discovered the following errors made in January 2020.

1. A payment of Salaries and Wages Expense of $600 was debited to Supplies and credited to Cash, both for $600.
2. A collection of $3,000 from a client on account was debited to Cash $200 and credited to Service Revenue $200.
3. The purchase of supplies on account for $860 was debited to Supplies $680 and credited to Accounts Payable $680.

Correct the errors without reversing the incorrect entry.

ACTION PLAN

- Compare the incorrect entry with correct entry.
- After comparison, make an entry to correct the accounts.

Solution

1.	Salaries and Wages Expense	600	
	Supplies		600
2.	Service Revenue	200	
	Cash	2,800	
	Accounts Receivable		3,000

Review and Practice

Each chapter concludes with a Review and Practice section which includes a review of learning objectives, key terms glossary, practice multiple-choice questions with annotated solutions, practice brief exercises with solutions, practice exercises with solutions, and a practice problem with a solution.

Practice Brief Exercises

Prepare the current assets section of a balance sheet.

3. (LO 4) **Financial Statement** The balance sheet debit column of the worksheet for Miguel Company includes the following accounts: Accounts Receivable $25,000, Prepaid Insurance $7,000, Cash $8,000, Supplies $11,000, and Stock Investments (short-term) $14,000. Prepare the current assets section of the balance sheet, listing the accounts in proper sequence.

Solution

3.

Miguel Company
Partial Balance Sheet

Current assets	
Cash	$ 8,000
Stock investments	14,000
Accounts receivable	25,000
Supplies	11,000
Prepaid insurance	7,000
Total current assets	$65,000

Infographic Learning

Over half of the text is visual, providing students alternative ways of learning about accounting. In addition, a new interior design promotes accessibility.

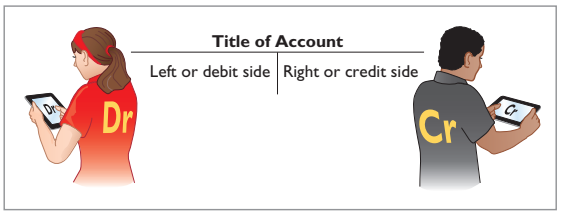


ILLUSTRATION 2.1
Basic form of account

Real-World Decision-Making

Real-world examples that illustrate interesting situations in companies and how accounting information is used are integrated throughout the text, such as in the opening Feature Story as well as the Insight boxes.

People, Planet, and Profit Insight



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Regaining Goodwill

After falling to unforeseen lows amidst scandals, recalls, and economic crises, the American public's positive perception of the reputation of corporate America is on the rise. Overall corporate reputation is experiencing rehabilitation as the American public gives high marks overall to corporate America, specific industries, and the largest number of individual companies in a dozen years. This is according to the findings of a *Harris Interactive RQ Study,* which measures the reputations of the 60 most visible companies in the United States.

The survey focuses on six reputational dimensions that influence reputation and consumer behavior. Four of these dimensions, along with the five corporations that ranked highest within each, are as follows.

- **Social Responsibility**: (1) Whole Foods Market, (2) Johnson & Johnson, (3) Google, (4) The Walt Disney Company, (5) Procter & Gamble Co.
- **Emotional Appeal**: (1) Johnson & Johnson, (2) Amazon.com, (3) UPS, (4) General Mills, (5) Kraft Foods
- **Financial Performance**: (1) Google, (2) Berkshire Hathaway, (3) Apple, (4) Intel, (5) The Walt Disney Company
- **Products and Services**: (1) Intel Corporation, (2) 3M Company, (3) Johnson & Johnson, (4) Google, (5) Procter & Gamble Co.

Source: www.harrisinteractive.com.

Name two industries today which are probably rated low on the reputational characteristics of "being trusted" and "having high ethical standards." (Go to WileyPLUS for this answer and additional questions.)

Additional Guidance

Throughout the text, marginal notes, such as **Helpful Hints**, **Alternative Terminology**, and **Ethics Notes**, are provided as additional guidance. In addition, more than 100 new solution walkthrough videos are now available in WileyPLUS.

Correcting Entries—An Avoidable Step

Unfortunately, errors may occur in the recording process. Companies should correct errors, **as soon as they discover them**, by journalizing and posting **correcting entries**. If the accounting records are free of errors, no correcting entries are needed.

You should recognize several differences between correcting entries and adjusting entries. First, adjusting entries are an integral part of the accounting cycle. Correcting entries, on the other hand, are unnecessary if the records are error-free. Second, companies journalize and post adjustments **only at the end of an accounting period**. In contrast, companies make correcting entries **whenever they discover an error** (see **Ethics Note**). Finally, adjusting entries always affect at least one balance sheet account and one income statement account. In

ETHICS NOTE

When companies find errors in previously released income statements, they restate those numbers. Perhaps because of the increased scrutiny caused by Sarbanes-Oxley, in a recent year companies filed a record 1,195 restatements

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Cases for Managerial Decision-Making
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