



## Fundamental Accounting Principles, 24<sup>th</sup> ed.

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### Overall Changes to the 24th Edition:

- New **Cheat Sheets** at each chapter-end visually reinforce key chapter content.
- More concise text covering same content. New 24<sup>th</sup> edition has 115 fewer pages than 23<sup>rd</sup> edition
- Over 210 new assignments—all available in *Connect* with algorithmic options.
- Gross method is used for merchandising transactions, reflecting practice—adjusting entries for new revenue recognition rules in an appendix.
- Many new **Need-to-Know (NTK)** demos and accompanying videos to aid learning.
- Revised investments coverage for new standard.
- New assignments that focus on financial statement preparation.
- New **Sustainability** online appendix for financial chapters.
- Many new and revised **General Ledger** and **Excel** assignments.
- New **Global View** online appendix replaces end of chapter coverage.
- New **Accounting Analysis** assignments—all available in *Connect*—using real-world data from **Apple**, **Google**, and **Samsung**.
- Updated videos for each learning objective in new Concept Overview Video format.

## Chapter by Chapter Changes

### Chapter 1

- Updated opener—**Apple** and entrepreneurial assignment.
- Updated salary info for accountants.
- Revised business entity section along with adding LLC.
- Updated section on FASB objectives and accounting constraints.
- New layout for introducing the expanded accounting equation.
- New layout for introducing financial statements.
- Updated **Apple** numbers for NTK 1-5.
- New Cheat Sheet reinforces chapter content.
- Global View moved to text-end appendix—for all chapters.
- Sustainability section moved to online appendix—for all financial chapters.
- Updated return on assets analysis using **Nike** and **Under Armour**.
- Added a new Exercise assignment and Quick Study assignment.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

### Chapter 2

- NEW opener—**Fitbit** and entrepreneurial assignment.
- New visual for process to get from transactions to financial statements.
- New layout on four types of accounts that determine equity.
- Improved presentation of “Double-Entry System” section.
- Updated **Apple** data for NTK 2-4.
- Updated debt ratio analysis using **Costco** and **Walmart**.
- New Cheat Sheet reinforces chapter content.
- Added four new Quick Studies.
- Added three new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

### Chapter 3

- NEW opener—**Urban One** and entrepreneurial assignment.
- Revised learning objectives and chapter preview—each type of adjusting entry is assigned its own learning objective.
- Updated “Recognizing Revenues and Expenses” section.
- New streamlined “Framework for Adjustments” section.
- Continued emphasis of 3-step adjusting process.
- Enhanced Exhibit 3.12 on summary of adjustments.
- Updated profit margin analysis using **Visa** and **Mastercard**.
- Improved layouts for Exhibits 3A.1 through 3A.5.
- New Cheat Sheet reinforces chapter content.
- Added three new Quick Studies.
- Added two new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

### Chapter 4

- NEW opener—**Snapchat** and entrepreneurial assignment.
- New Decision Insight on women in accounting.

- Shortened discussion of closing entries.
- Exhibit 4.5 color-coded all adjustments.
- Enhanced Exhibit 4.7 on steps of accounting cycle with images.
- Streamlined section on classified balance sheet.
- Updated current ratio analysis using **Costco** and **Walmart**.
- New Cheat Sheet reinforces chapter content.
- Added two new Quick Studies.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 5

- NEW opener—**Build-A-Bear** and entrepreneurial assignment.
- Updated introduction for servicers vs. merchandisers using **Liberty Tax** and **Nordstrom**.
- Revised NTK 5-1 covers basics of merchandising.
- Reorganized “Purchases” section to aid learning.
- New Decision Insight on growing number of returns for businesses.
- Enhanced entries on payment of purchases within discount period vs. after discount period.
- Improved discussion of entries for sales with discounts vs. sales without discounts.
- Color-coded Exhibit 5.12 highlights different merchandising transactions.
- Updated acid-test ratio and gross margin analysis using **Nike** and **Under Armour**.
- Appendix 5B explains adjusting entries for future sales discounts, returns, and allowances.
- Appendix 5C covers the net method.
- Appendix 5D moved to online only.
- New Cheat Sheet reinforces chapter content.
- Added three new Quick Studies.
- Added four new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 6

- NEW opener—**Shake Shack** and entrepreneurial assignment.
- New Ethical Risk on the alleged fraud of **Homex**.
- Simplified introduction to inventory costing.
- Shortened explanation for specific identification.
- Enhanced layout to explain effects of inventory errors across years.
- Updated inventory turnover and days’ sales in inventory analysis using **Costco** and **Walmart**.
- Added colored arrow lines to Exhibits 6A.3 and 6A.4 to show cost flows from purchases to sales.
- New Cheat Sheet reinforces chapter content.
- Added one new Quick Study.
- Added two new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 7

- Updated opener—**Box** and entrepreneurial assignment.

- Revised learning objectives and chapter preview—each type of journal is assigned its own learning objective.
- New Decision Insight on financial impact of *Pokémon Go* for **Nintendo**.
- Streamlined presentation of system principles and system components.
- Enhanced “Basics of Special Journals” and “Subsidiary Ledgers” sections to improve learning.
- New simplified designs for Exhibits 7.5, 7.7, 7.9, and 7.11 to improve student comprehension.
- Removed discussion of sales tax and postponed it to the current liabilities chapter.
- New days’ payable outstanding analysis using **Costco** and **Walmart**.
- New Cheat Sheet reinforces chapter content.
- Added five new Quick Studies.
- Added three new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

### Chapter 8

- NEW opener—**Care.com** and entrepreneurial assignment.
- New COSO framework to guide internal control, including COSO cube.
- New discussion of internal control failure at **Amazon** that cost customers \$150 million.
- Simplified bank statement for learning.
- Revised “Bank Reconciliation” section to separate bank balance adjustments and book balance adjustments.
- New summary image on adjustments for bank balance and for book balance.
- Removed collection expenses and NSF fees—most are immaterial and covered in advanced courses.
- Updated days’ sales uncollected analysis using **Starbucks** and **Jack in the Box**.
- New Cheat Sheet reinforces chapter content.
- Added three new Quick Studies.
- Added eight new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

### Chapter 9

- NEW opener—**Facebook** and entrepreneurial assignment.
- Updated company data in Exhibit 9.1.
- Streamlined direct write-off method.
- Enhanced Exhibit 9.6 showing allowances set aside for future bad debts along with journal entries.
- New calendar graphic added as learning aid with Exhibit 9.12.
- New Excel demo to compute maturity dates.
- Updated accounts receivable analysis using **Visa** and **Mastercard**.
- New Cheat Sheet reinforces chapter content.
- Added five new Quick Studies.
- Added one new Exercise.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

### Chapter 10

- New opener—**New Glarus Brewery** and entrepreneurial assignment.

- Updated company data in Exhibit 10.1.
- Added entry with Exhibit 10.3 and Exhibit 10.4.
- Simplified “Partial-Year Depreciation” section.
- Added margin table to Exhibit 10.14 as a learning aid.
- New Decision Insight box on extraordinary repairs to **SpaceX**’s reusable orbital rocket.
- New simple introduction to finance leases and operating leases for the new standard.
- Updated asset turnover analysis using **Starbucks** and **Jack in the Box**.
- Simplified Appendix 10A by postponing exchanges without commercial substance to advanced courses.
- New Cheat Sheet reinforces chapter content.
- Added two new Quick Studies.
- Added one new Exercise.
- Added two new Problems.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

### Chapter 11

- NEW opener—**Pandora** and entrepreneurial assignment.
- Updated data in Exhibit 11.2.
- Streamlined “Short-Term Notes Payable” section.
- Simplified explanation of FICA taxes.
- Updated payroll tax rates and explanations.
- Revised NTK 11-4.
- New W-4 form added to Appendix 11A.
- New Cheat Sheet reinforces chapter content.
- Added two new Quick Studies.
- Added four new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

### Chapter 12

- Updated opener—**Scholly** and entrepreneurial assignment.
- Streamlined partnership characteristics and types of organizations.
- Simplified graphic on business entity characteristics.
- Enhanced partnership formation example to emphasize partner investments are recorded at market value.
- Revised NTK 12-1.
- Shortened “Partner Withdrawal” section.
- New Cheat Sheet reinforces chapter content.
- Added one new Quick Study.
- Added four new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

### Chapter 13

- NEW opener—**Yelp** and entrepreneurial assignment.
- New Decision Insight on bots investing in stocks based on erroneous news.
- New **AT&T** stock quote explanation.
- New graphic visually depicting key cash dividend dates.

- New table summarizing differences between small stock dividends, large stock dividends, and stock splits.
- Updated **Apple** statement of equity in Exhibit 13.10.
- Updated PE ratio and dividend yield using **Amazon**, **Altria**, **Visa**, and **Mastercard**.
- Simplified book value per share explanation and computations.
- New Cheat Sheet reinforces chapter content.
- Added six new Quick Studies.
- Added four new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 14

- NEW opener—**e.l.f. Cosmetics** and entrepreneurial assignment.
- Updated **IBM** bond quote data.
- Simplified numbers in Exhibit 14.7.
- Simplified Exhibit 14.10 on premium bonds.
- Simplified numbers in Exhibit 14.11.
- Bond pricing moved to Appendix 14A.
- Simplified Exhibit 14.12 for teaching the note amortization schedule.
- Updated debt-to-equity analysis using **Nike** and **Under Armour**.
- New Excel computations for bond pricing in Appendix 14A.
- Simplified numbers in Exhibits 14B.1 and 14B.2.
- Revised Appendix 14C for new standard on finance leases and operating leases.
- New Cheat Sheet reinforces chapter content.
- Added five new Quick Studies.
- Added four new Exercises.
- Added four new Problems.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 15

- Updated opener—**Echoing Green** and entrepreneurial assignment.
  - New learning objective P4 for new category of stock investments.
  - Revised and simplified Exhibit 15.2 for new standard on investments.
  - Reorganized text to first explain debt securities and then stock securities.
  - Revised trading and available-for-sale securities to cover only debt securities given the new standard.
  - New section on stock investments with insignificant influence.
  - New Exhibit 15.6 to describe accounting for equity securities by ownership level.
  - Updated component-returns analysis using **Costco** and **Walmart**.
  - Investments in international operations set online as Appendix 15A.
  - New Cheat Sheet reinforces chapter content.
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- Added three new Quick Studies.
  - Added four new Exercises.
  - Added two new Problems.
  - Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 16

- NEW opener—**Vera Bradley** and entrepreneurial assignment.
- New box on **Tesla**'s cash outflows and growing market value.
- Slightly revised infographics on cash flows from operating, investing, and financing.
- Streamlined sections on analyzing the cash account and noncash accounts.
- New presentation to aid learning of indirect adjustments to income.
- Simplified T-accounts to reconstruct cash flows.
- Simplified reconstruction entries to help compute cash flows.
- Updated cash flow on total assets analysis using **Nike** and **Under Armour**.
- New Cheat Sheet reinforces chapter content.
- Added ten new Quick Studies.
- Added four new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 17

- Updated opener—**Morgan Stanley** and entrepreneurial assignment.
- Updated data for all analyses of **Apple** using horizontal, vertical, and ratio analysis.
- Updated comparative analysis using **Google** and **Samsung**.
- Streamlined section on ratio analysis.
- Streamlined the "Analysis Reporting" section.
- Shortened Appendix 17A.
- New Cheat Sheet reinforces chapter content.
- Added eight new Quick Studies.
- Added two new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 18

- NEW opener—**MoringaConnect** and entrepreneurial assignment.
- Added discussion on role of managerial accounting for nonaccounting and nonbusiness majors.
- Added equation boxes for total manufacturing costs and cost of goods manufactured.
- New margin exhibit showing product and period cost flows.
- Added lists of common selling and administrative expenses.
- Updated and edited several exhibits for clarity.
- New Cheat Sheet reinforces chapter content.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 19

- NEW opener—**HoopSwagg** and entrepreneurial assignment.
- Revised discussions of manufacturing costs and link between job cost sheets and general ledger.
- Added graphic linking job cost sheets and general ledger accounts.
- Enhanced exhibit of 4-step overhead process.
- Added formula for computing applied overhead.
- New short discussion of cost-plus pricing.
- Added margin T-accounts and calculations for clarity.
- New Cheat Sheet reinforces chapter content.

- Added one new Quick Study.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 20

- NEW opener—**Azucar Ice Cream** and entrepreneurial assignment.
- Revised discussion comparing process and job order costing systems.
- Added cost flow graphic.
- New margin graphic illustrating EUP.
- Revised discussion of weighted-average versus FIFO method of process costing.
- Revised discussion of using the process cost summary.
- New graphic on FIFO goods flow.
- Added margin T-accounts and calculations for clarity.
- New Cheat Sheet reinforces chapter content.
- Added one new Exercise.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 21

- NEW opener—**Ellis Island Tropical Tea** and entrepreneurial assignment.
- Added margin graphs of fixed, variable, and mixed costs.
- New Excel steps to create a line chart.
- Moved details of creating scatter plot to Appendix 21A, with Excel steps.
- Revised discussion of scatter plots.
- Moved details of creating a CVP chart to Appendix 21C, with Excel steps.
- New Cheat Sheet reinforces chapter content.
- Added one new Exercise.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 22

- NEW opener—**Misfit Juicery** and entrepreneurial assignment.
- Added T-accounts and steps to exhibit margins.
- Added numbered steps to several exhibits.
- Expanded discussion of cost of goods sold budgeting.
- New exhibit for calculation of cash paid for interest.
- Expanded discussion with bulleted list on use of a master budget.
- Added one new Quick Study.
- Added one new Exercise.
- New assignment on CMA exam budgeting coverage.
- New Cheat Sheet reinforces chapter content.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 23

- NEW opener—**Away** and entrepreneurial assignment.
- Added graph to flexible budget exhibit.
- Revised discussion of flexible budget.
- New exhibit and discussion of computing total cost variance.
- Edited discussion of direct materials cost variance.



- Edited discussion of evaluating labor variances.
- Edited discussion of overhead variance reports.
- New exhibit for summary of variances.
- New Cheat Sheet reinforces chapter content.
- Added two new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 24

- NEW opener—**Jibu** and entrepreneurial assignment.
- Updated **Walt Disney** ROI example.
- New Decision Analysis on cash conversion cycle.
- New Cheat Sheet reinforces chapter content.
- Added two new Quick Studies.
- Added two new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 25

- NEW opener—**Solugen** and entrepreneurial assignment.
- Organized decision scenarios into three types: production, capacity, and pricing.
- Expanded discussion of product pricing.
- Added other pricing methods: value-based, auction-based, and dynamic.
- New Decision Analysis on time and materials pricing of services.
- New Decision Insight on blockchain technology.
- New Cheat Sheet reinforces chapter content.
- Added four new Quick Studies.
- Added one new Exercise.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Chapter 26

- NEW opener—**Fellow Robots** and entrepreneurial assignment.
- New discussion of postaudit of investment decisions.
- Added example of investment in robotics.
- New Cheat Sheet reinforces chapter content.
- Added two new Exercises.
- Added new analysis assignments: Company Analysis, Comparative Analysis, and Global Analysis.

## Appendix A

- New financial statements for **Apple**, **Google**, and **Samsung**.

## Appendix B

- New Decision Maker on postponed retail pricing.
- Continued Excel demos for PV and FV of lump sums.
- Continued Excel demos for PV and FV of annuities.

## Appendix C

- New Cheat Sheet reinforces appendix content.

**Appendix D**

- NEW appendix on lean principles and accounting.
- Describes lean business principles.
- Measures production efficiency.
- Illustrates how to account for product costs using lean accounting.
- New Cheat Sheet reinforces appendix content.
- New: 13 Discussion Questions, 14 Quick Studies, 14 Exercises, and 3 Problems.

**Appendix E**

- NEW appendix on sustainability in financial accounting.

**Appendix F**

- NEW appendix on global accounting practices.

**Appendix G**

- NEW appendix on textual summary of learning objectives.