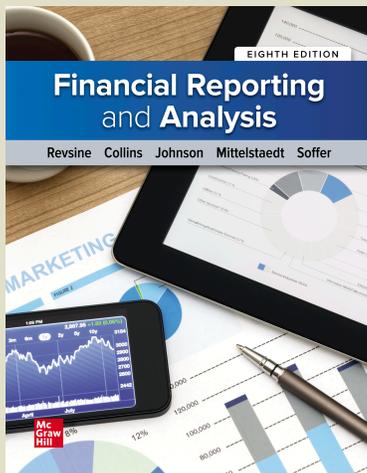


List of Changes



Financial Reporting & Analysis 8e Revsine, Collins, Johnson, Mittelstaedt, Soffer

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Key Changes in the Eighth Edition

The first seven editions of our book have been widely adopted in business schools throughout the United States, Canada, Europe, and the Pacific Rim. Our book has been used successfully at both the graduate and undergraduate levels, and in investment banking, commercial lending, and other corporate training programs. Many of our colleagues who used the first seven editions have provided us with valuable feedback. Based on their input, we have made a number of changes in this edition of the book to achieve more effectively the objectives outlined above.

Key changes include the following:

- Expanded to now consist of twenty chapters, including the new Chapter 5 on accounting changes, notes, and non-GAAP metrics; new Chapter 18 on foreign operations and segments; and new Chapter 19 on derivatives.
- The running example used in many chapters has been changed from Whole Foods to Kroger, due to Amazon's acquisition of Whole Foods.
- Updated examples and end-of-chapter problems throughout the text to reflect the new income tax environment, including a corporate tax rate of 21% rather than 35%, as well as other changes in tax law arising from the Tax Cuts and Jobs Act.
- Changed hypothetical and end-of-chapter materials to 20X1 year format.
- Made examples more salient by putting them in Example boxes or Exhibits.
- New or updated company examples throughout the book.
- New and revised end-of-chapter materials including exercises, problems, and cases.

SEE LIST OF CHANGES ATTACHED.

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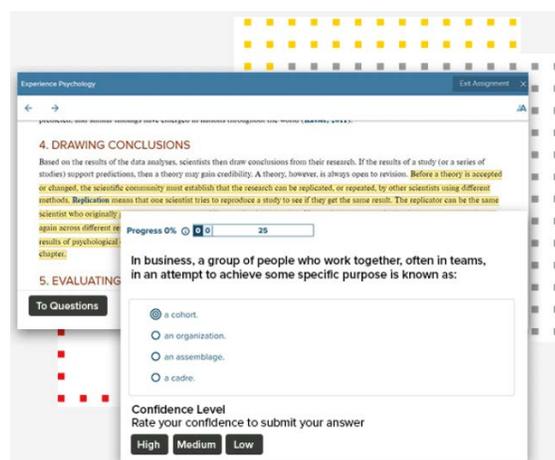
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FASB Updates – Fully updated for new FASB standards in Leases and Revenue Recognition.

TCJA Updates – Incorporates updates reflected in latest tax laws and reforms introduced by the Tax Cuts and Jobs Act (TCJA).



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Changes to Revsine: Financial Reporting & Analysis, 8e

Chapter 1: The Economic and Institutional Setting for Financial Reporting

- Added a learning objective for sustainability information.
- Included a discussion of "conflict minerals" disclosures.
- Added a section on the use of nonfinancial information.
- Added a section on sustainability accounting.
- Updated financial statement information in exhibits and end-of-chapter materials.
- Added end-of-chapter materials on nonfinancial and sustainability information.

Chapter 2: Accrual Accounting and Income Determination

- Moved the material on accounting changes and errors and restatements to the new Chapter 5.
- Updated statistics on transitory items in financial statements.
- Updated examples throughout the chapter.

Chapter 3: Revenue Recognition

- Eliminated discussion of revenue recognition standards prior to ASC Topic 606.
- New live examples of transition to the new revenue recognition standard.
- Added data on the methods firms chose to implement adoption of ASC Topic 606.
- Included survey results on the financial statement effects of adopting ASC Topic 606.
- Added data on the revenue recognition issues raised in SEC comment letters to registrants.

Chapter 4: Structure of the Balance Sheet and Statement of Cash Flows

- Streamlined chapter by removing material on financial statement notes and moving it to the new Chapter 5.
- Moved in material on contingencies, which had previously been in the chapter on financial instruments and liabilities.
- Updated many of the financial statement examples in the chapter.
- Incorporated ASU 2016-18 on the definition of cash to be used in the cash flow statement.

Chapter 5: Accounting Changes and Restatements, Financial Statement Notes, and Non-GAAP Metrics

- This is a new chapter combining material from Chapters 2 and 4 of the previous edition and new material. The material in this chapter relates to all of the financial statements but does not involve specific accounting methods.
- Expanded treatment of reporting accounting changes so that students can understand the financial statement implications of the new revenue recognition and leasing standards.
- New discussion of SAB74 disclosures about the expected financial statement effects of recently issued, but not yet implemented, accounting standards.
- Expanded discussion of restatements, including the distinction between reissuance restatements and revision restatements.
- All new section on the use of non-GAAP metrics.

Chapter 6: Essentials of Financial Statement Analysis

- All new running example based on The Kroger Co.
- Additional emphasis on adjusting for unusual or one-time events, with focus on the 2017 income statement effects of The Tax Cuts and Jobs Act.
- Expanded discussion of the economic trade-offs in setting credit-granting policies.

Chapter 7: The Role of Financial Information in Valuation and Credit Risk Assessment

- Deleted material on goodwill impairment and combined it with the existing material on the topic in Chapter 17.
- Incorporated all new valuation of Kroger using the abnormal earnings valuation model.
- Updated examples in the text for the new corporate tax rate under the Tax Cuts and Jobs Act.
- Updated end-of-chapter problems to reflect current valuation ratios.

Chapter 8: The Role of Financial Information in Contracting

- Added a discussion of the CEO pay ratio disclosure.
- Updated discussion of Internal Revenue Code Section 162(m) on the limitation of deductibility of

Changes to Revsine: Financial Reporting & Analysis, 8e

executive compensation to reflect the changes introduced by the Tax Cuts and Jobs Act.

- Added discussion of mine safety and conflict mineral disclosures.
- Updated statistics presented on the form of compensation.

Chapter 9: Receivables

- Revised bad debt discussion for ASU 2016-13.
- Revised discussion of notes receivable.
- Replaced Krispy Kreme with Mattel in analysis of uncollectible accounts.
- Updated Global Vantage Point section.
- Added new Caterpillar allowance analysis case to the end-of-chapter material.
- Updated end-of-chapter material for ASU 2016-13.

Chapter 10: Inventories

- Replaced Whole Foods with Kroger in the LIFO discussion.
- Updated financial statement illustrations throughout chapter.
- Updated LIFO reserve and tax statistics.
- Revised discussion of lower of cost or net realizable.
- Replaced Danier with Richemont for IFRS example.
- Added and updated problems and cases.

Chapter 11: Long-Lived Assets

- Updated financial statement examples throughout chapter.
- Replaced ExxonMobil with Disney as the interest capitalization example.
- Added a section on deferred costs and included a salesforce.com example.
- Replaced Krispy Kreme with L Brands as the asset impairment example.
- Replaced Whole Foods with Kroger in the discussion of depreciation assumptions.
- Updated the Global Vantage Point section and LVMH example.
- Added exercises and problems on deferred costs.
- Added an AT&T capitalization of interest case and updated the Marston's case on IFRS accounting for long-lived assets.

Chapter 12: Financial Instruments and Liabilities

- Streamlined the chapter by moving the derivatives and hedging content to the new Chapter 19 and the contingencies content to Chapter 4's balance sheet coverage.
- Moved the Debt or Equity? discussion to **Chapter 16**, Financial Reporting for Owners' Equity.
- Updated financial statement examples.
- Created a new section for Extinguishment of Debt by combining the Managerial Incentives and Financial Reporting sections.
- Moved the Fair Value Accounting Option to its own section and revised the discussion for ASU 2016-1.
- Created a separate section for floating-rate debt.
- Developed a new example for imputed interest on notes payable.
- Substituted Kroger Co. for Snap-on, Inc., in the second self-study problem.
- Added a new case on Toys "R" Us.

Chapter 13: Financial Reporting for Leases

- Eliminated most discussions of ASC Topic 840 from the main part of the chapter and created **Appendix 13A**, Evolution of Lease Accounting.
- Removed prior appendix on constructive capitalization.
- Created a Lessee Short-Term and Finance Lease Accounting section.
- Moved Sale and Leaseback accounting to **Appendix 13C**.
- Created new Lessee Operating Lease Accounting Section.
- Revised the Interpreting Lessee Financial Statement Information section to compare finance lease effects to short-term and operating lease effects.

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- Use Microsoft to illustrate the ASC Topic 842 lessee accounting and the financial statement effects caused by the change from ASC Topic 840.
- Updated comparison of operating and finance lease payments for firms in different industries and included estimated impact from adopting ASC Topic 842.
- Moved the discussion of Unequal Lease Payments to **Appendix 13B**.
- Revised Global Vantage Point discussions.
- Integrated ASC Topic 840 and ASC Topic 842 Lessor Accounting discussions.
- Edited exercises, problems, and cases to conform all problems to ASC Topic 842.
- Added three cases tied to early adopters of ASC Topic 842 (Target and Delta Air Lines).

Chapter 14: Income Tax Reporting

- Revised the chapter to reflect current tax law following enactment of the Tax Cuts and Jobs Act of 2017.
- Revised all examples and end-of-chapter problems to reflect new tax rate environment following enactment of the Tax Cuts and Jobs Act.
- Provided a separate section detailing the important corporate tax law changes made by the Tax Cuts and Jobs Act.
- Added a discussion of stranded tax effects, which became more relevant with enactment of the Tax Cuts and Jobs Act, including the FASB's response to the issue.
- Expanded all journal entry examples to show separately amounts charged or credited to the current tax provision and the deferred tax provision.
- Added many new end-of-chapter problems related to the financial statement effects of tax rate changes, which has become a significant issue with the enactment of the Tax Cuts and Jobs Act.
- Included a new case in the end-of-chapter material focusing on forecasting effective tax rates when there are aberrations in historical effective tax rates.

Chapter 15: Pensions and Postretirement Benefits

- Updated all figures and exhibits with recent data and updated interpretations.
- Expanded discussion of cash balance plans.
- Included new discussion on income statement presentation and ASU 2017-07.
- Renamed sections and updated PBGC discussion as well as all exhibits and interpretations for GE.
- Included a new **Exhibit 15.7** to show the effects of assumptions.
- Updated discussion of disclosure for ASU 2018-14.
- Included a new **Figure 15.9** for trends of pension risk ratios and expanded discussion of risk.
- Updated Siemens example and discussion in the Global Vantage Point section.
- Revised selected exercises and problems.
- Added new cases on AT&T's immediate recognition of actuarial gains and losses, Kroger's pension plans, and GE's other postretirement plans.

Chapter 16: Financial Reporting for Owners' Equity

- Created a new section, "Why Companies Repurchase Their Common Shares."
- Updated all statistics in figures.
- Moved most of the option history to **Appendix 16A**.
- Updated the stock compensation example for 2017 Tax Cuts and Jobs Act.
- Replaced Whole Foods with Kroger as the main stock compensation example.
- Revised convertible debt discussion substantially and included Twitter as an example.
- Changed the Global Vantage Point section convertible debt example to Nokia and revised journal entries and amounts.
- Moved the earnings per share section to the end of the chapter.
- Updated exhibits from company reports throughout the chapter.
- Revised selected exercises and problems.
- Updated four cases and added a case on Etsy convertible debt.

Chapter 17: Intercorporate Investments

Changes to Revsine: Financial Reporting & Analysis, 8e

- Streamlined the chapter by moving material on foreign currency translation into a separate chapter.
- Incorporated new guidance on using the Current Expected Credit Loss (CECL) approach to measuring impairments of held-to-maturity and available-for-sale debt securities.
- Examined the increased earnings volatility brought on by the change in accounting for minority-passive equity investments, which are now all accounted for with fair value adjustments recognized in net income.
- Restructured the format of the consolidation worksheet example to highlight the interaction of the income statement, retained earnings statement, and balance sheet.
- Updated the discussion of goodwill impairment testing to incorporate the simplified, one-step approach adopted by the FASB.
- Expanded discussion of continuity issues for financial analysis arising because acquired companies are consolidated from date of acquisition.
- Re-incorporated the discussion of how joint ventures can be used as vehicles for keeping debt off the balance sheet that had appeared in prior editions.

Chapter 18: Accounting for Foreign Operations and Segment Reporting

- This is a new chapter containing the material on accounting for foreign subsidiaries and foreign currency transactions that had been included with the consolidations material and the material on segment reporting.
- Greatly expanded explanations of foreign currency translation (current rate method) and remeasurements (temporal method) and provided extensive illustrations.
- Devoted more time to the financial statement analysis implications of foreign subsidiaries.
- Updated case example on segment reporting.
- Added cause-of-change analysis, explored initially in Chapter 6, to the segment case study.

Chapter 19: Derivatives and Hedging

- Created a separate chapter from the material that had previously been in **Chapter 12**, Financial Instruments and Liabilities.
- Updated chapter for ASU 2017-12.
- Expanded Cash Flow Hedge discussions.
- Added a new section on interpreting derivative disclosures with Boeing as the example.
- Updated the Global Vantage Point discussion.
- Added new exercises.
- Added a new Mattel derivative disclosure case.

Chapter 20: Statement of Cash Flows

- Incorporates several recent ASUs, including one that defines the cash amounts to be used to determine the change in cash over a period to include restricted cash.
- Updated discussion of cash flow effects of stock-based compensation to reflect ASU reporting excess tax benefits in the tax provision rather than in additional paid-in capital and therefore being treated as an operating cash flow rather than a financing cash flow.

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