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## Course Information

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**Course Title:** *GAAP Guidebook 2023* #360323

**Number of continuing education credit hours recommended for this course:**

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

**CPA:** 29 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy(for ethics): 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

### Course Description

Generally Accepted Accounting Principles (GAAP) are used as the basis for financial reporting. The original GAAP documents span thousands of pages, and so are difficult to research. The *GAAP Guidebook* solves this problem by condensing GAAP into a single volume. This course describes the key elements of each topic, how accounting information is disclosed, and where to look in the FASB Codification source documents for additional information. The text contains hundreds of practical examples that show how to apply GAAP to real-world situations, as well as sample journal entries and usage tips. In short, the *GAAP Guidebook* serves as a handy reference for accountants who need quick answers to difficult problems.

### Course Content

Publication/Revision date: 11/29/2022.

Author: Steven M. Bragg, CPA.

Final exam (online): One-hundred forty-five questions (multiple-choice).

**Program Delivery Method:** NASBA QAS Self-Study (interactive)

**Subject Codes/Field of Study:** NASBA (CPA): Accounting

### **Course Level, Prerequisites, and Advance Preparation Requirements**

Program level: Overview

Prerequisites: Basic familiarity with accounting practices.

Advance Preparation: None

### **Instructions for taking this course**

**Note:** Downloading the PDF of this course will enable Bookmarks for easier navigation (on the left side of the document window, open the bookmarks pane).

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed below, studying the text, and studying the review questions at the end of each major section (or at the end of the course). Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

### **Instructions for Taking the Online Exam**

**Login to your account online at [www.bhfe.com](http://www.bhfe.com). Go to My Account to access the exam.**

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- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.
- For a printed copy of the exam questions, press "Print Exam" (green button located at the bottom of page one of the online exam).

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

## **Learning Objectives:**

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- Cite the accounting principles that underlie Generally Accepted Accounting Principles.
- Specify the transactions related to discontinued operations, as well as the disclosures required for certain accounting transactions.
- Identify the account classifications used in the balance sheet, as well as the structure of the balance sheet.
- State the transactions included in and excluded from other comprehensive income.
- Specify the different formats in which the income statement can be presented.
- Cite the contents of the sections of the statement of cash flows, and the differences in presentation for the different types of statements of cash flows.
- Recognize the disclosures required by the Securities and Exchange Commission
- Identify the situations in which accounting changes are allowed, and note the mechanics of retrospective application of changes.
- State the methods used to derive current cost.

- Specify the calculations for basic earnings per share and diluted earnings per share.
- Identify the assumptions that underlie the integral view and discrete view of interim reporting.
- Recognize the situations that can cause reportable risks and uncertainties.
- State the segment test rules used to determine reportable segments.
- Specify the accounting treatment for lending arrangements and loan origination fees.
- Identify how investment securities are measured and how to account for associated credit losses.
- Recognize how the equity method is formulated and updated.
- Cite how the periodic and perpetual inventory methods are used to derive the cost of goods sold, and how the gross profit method and retail method are used to estimate ending inventory.
- Recognize the rules for recognizing and disclosing deferred advertising costs, as well as the accounting for insurance contracts.
- Identify the situations in which goodwill is associated with reporting units, and note the rules for conducting impairment testing.
- Specify the valuation method used for acquired fixed assets, as well as the calculations for the various depreciation methods.
- Identify the assessments and surcharges associated with insurance activities.
- State the accounting rules for deferring and recognizing asset retirement obligations.
- Specify the circumstances under which the cost of employee and other contractual terminations can be recognized.
- Cite the characteristics of and reporting obligations associated with commitments.
- State the circumstances under which loss contingencies are recognized, and when they are only disclosed.
- Identify the methods used to place valuations on guarantees.
- State the components of debt.
- Specify the circumstances under which a spinoff occurs, and when a dividend is in arrears.
- Identify the evaluation criteria for a contract, the components of the transaction price, and when a contract modification triggers treatment as a new contract.
- Recognize the circumstances under which the costs of compensated absences are recognized.
- State the key elements of net periodic pension cost, and the accounting for defined benefit and defined contribution plans.
- Specify how costs are derived for exercised and unexercised stock options.
- Identify the proper expense recognition for insurance contracts and business process reengineering.
- State the types of activities classified as research and development, and how research and development costs are to be recognized.
- Recognize which tax rate to apply to a reporting period.
- Identify the types of acquisitions, and the types of intangible assets that can be recognized as part of an acquisition.
- Identify the situations in which a controlling financial interest cannot be determined, as well as the types of eliminations used when conducting a consolidation.
- Specify the accounting for derivative speculation and the classifications for hedges and investments. Recognize the methods used to measure hedge effectiveness.
- State the concepts upon which fair value measurements are derived.
- Cite the circumstances in which the fair value option can be applied, and the disclosures related to financial instruments.
- Specify the accounting for payments to suppliers in foreign currencies, as well as how to identify a functional currency.
- Identify the situations in which interest capitalization can be used, and when an interest rate should be imputed.
- Specify the leasing rules related to asset substitution.

- Recall the circumstances under which a separate lease component is considered to exist.
- Specify the different types of lease payments.
- Recall how the 12-month lease exception works.
- Identify the unique characteristics of sales-type and direct financing leases.
- Specify the restrictions on the use of the risk-free discount rate when deriving a lease present value.
- Specify the valuation alternatives in a nonmonetary exchange, and the usage rules for boot.
- Cite the types of entities considered to be related parties, and what information should be disclosed about them.
- State the types of events classified as subsequent events, and note which of these events can alter the financial statements.

## About the Author

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**Steven Bragg, CPA**, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

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# Preface

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The accounting by businesses in the United States is largely governed by Generally Accepted Accounting Principles (GAAP). The source documents for GAAP cover multiple thousands of pages, so their heft alone makes them difficult to research. The *GAAP Guidebook* lightens the research chore by presenting the essential elements of GAAP in a single volume, with an emphasis on key accounting requirements and disclosures. These essential elements are closely supported by several hundred examples and tips.

Following an introduction to GAAP in Chapter 1, the *Guidebook* covers in Chapters 2 through 13 all aspects of the presentation of financial statements, including accounting changes and error corrections, earnings per share, interim reporting, and segment reporting. We then move on to the accounting for assets in Chapters 14 through 20, which encompasses receivables, investments, inventory, intangible assets, and fixed assets. Chapters 21 through 28 cover a broad range of liability and equity issues, while Chapters 29 through 35 address a number of income statement topics – revenue recognition, compensation expense, income taxes, and more. Finally, Chapters 36 through 46 delve into a number of major transaction types, including business combinations, consolidations, derivatives, fair value, foreign currency, leases, and subsequent events. The chapters include tips, podcast references, and a variety of illustrations.

You can find the answers to many accounting questions in the *Guidebook* that might otherwise require extensive research in the original GAAP source documents, such as:

- What is the proper presentation of a balance sheet?
- What does an indirect method statement of cash flows look like?
- How do I calculate diluted earnings per share?
- What information must be included in interim financial statements?
- How do I use the equity method to account for investments?
- How do I use a cost layering system to account for inventory?
- What is the process for testing intangible assets for impairment?
- How do I account for fixed assets acquired in a business combination?
- What is the correct accounting for a stock split?
- When can I recognize revenue?
- How do I account for a defined benefit pension plan?
- How do I account for a business combination?

The *GAAP Guidebook* is designed for both professionals and students. Professionals can use it as a handy reference tool that reduces research time, while students will find that it clarifies many of the more arcane accounting topics. Given its ability to present summarized GAAP information, the *GAAP Guidebook* may earn a permanent place on your book shelf.

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