

Compilations and Reviews

Nick Dauber
Jae K. Shim
Joel G. Siegel

Table of Contents

Chapter 1 – Financial Statement Reporting: The Income Statement	1
Learning Objectives	1
Introduction.....	1
Income Statement Format.....	1
Comprehensive Income	2
Extraordinary Items.....	3
Nonrecurring Items	4
Discontinued Operations.....	4
Revenue Recognition.....	5
Other Revenue Considerations	12
Multiple Deliverables.....	13
Software Revenue Recognition.....	13
Research and Development Costs.....	14
Advertising Costs.....	16
Restructuring Charges.....	16
Other Expense Considerations	16
Earnings per Share.....	16
Review Questions.....	23
Review Answers	26
Chapter 2 – Financial Statement Reporting: The Balance Sheet.....	30
Learning Objectives	30
Introduction.....	30
Assets	30
Liabilities	49
Fair Value Measurements.....	60
Fair Value Option for Financial Assets and Financial Liabilities.....	61
Stockholders' Equity	65
Review Questions.....	75
Review Answers	79
Chapter 3 – Financial Statement Reporting: Statement of Cash Flows and Other Disclosures	84
Learning Objectives	84
Introduction.....	84
Statement of Cash Flows	84
Interim Reporting	93
Personal Financial Statements.....	96
Incorporation of a Business.....	99
Partnerships	99
Review Questions.....	102
Review Answers	104
Chapter 4 – Accounting and Disclosures	107
Learning Objectives	107
Hierarchy of GAAP	107
FASB Accounting Standards Codification.....	107
Accounting Changes.....	108
Prior-Period Adjustments	113
Disclosure of Accounting Policies.....	114
Development-Stage Companies	115
Troubled Debt Restructuring	116

Segmental Reporting	118
Imputing Interest on Notes	122
Accounting for Futures Contracts	124
Oil- and Gas-Producing Companies	126
Review Questions	127
Review Answers	129
Chapter 5 – Key Financial Accounting Areas.....	131
Learning Objectives	131
Consolidations	131
Business Combinations	134
Investments in Securities	138
Equity Method.....	141
Leases.....	145
Pension Plans.....	155
Other Postretirement Benefits.....	165
Income Tax Accounting	166
Foreign Currency Translation and Transactions	170
Insurance Contracts.....	178
U.S. GAAP versus IFRS	178
Review Questions.....	191
Review Answers	193
Chapter 6 – Compilation, Review, and Other Reporting Services.....	196
Learning Objectives	196
Introduction.....	196
Compilation of Financial Statements	196
Review of Financial Statements	201
Accountant’s Consideration of Obtaining an Updating Representation Letter from Management.....	209
Documentation in a Review Engagement.....	209
Restricting the Use of an Accountant’s Compilation or Review Report.....	212
Consideration of an Entity’s Ability to Continue as a Going Concern.....	213
Subsequent Events.....	213
Subsequent Discovery of Facts Existing at the Date of the Report.....	214
Change in Engagement from Audit or Review to Compilation.....	214
Reporting on Prescribed Forms	215
Communication between Successor and Predecessor Accountants	215
Compilation of Specified Elements, Accounts, or Items of a Financial Statement.....	216
Compilation of Pro Forma Financial Information.....	219
Communicating to Management and Others in a Compilation or Review Engagement	221
Reports on Prospective Financial Statements	222
Attest Engagements	231
Examination of an Entity’s Internal Control over Financial Reporting That Is Integrated with an Audit of Its Financial Statements (SSAE 15)	236
Integration with the Financial Statement Audit.....	248
Reporting on Controls at a Service Organization	256
Compliance Attestation	262
Management’s Discussion and Analysis.....	264
Personal Financial Statements Included in Written Personal Financial Plans.....	264
Reporting on Comparative Statements.....	266
Special Reports	269
Review Questions.....	274
Review Answers	276

Chapter 7 – Sarbanes-Oxley Act of 2002.....	280
Learning Objectives	280
Introduction.....	280
Auditor Independence.....	280
Partner Rotation	281
Public Company Accounting Oversight Board	281
Review Questions.....	283
Review Answers	284
Chapter 8 – Quality Control.....	285
Learning Objectives	285
Introduction.....	285
Review Questions.....	288
Review Answers	289
About the Authors	291
Glossary.....	293
Index	297