

Income Statement: Accounting and Reporting

3rd Edition

Table of Contents

The Income Statement: Accounting and Reporting	1
Learning Objectives	1
Introduction.....	1
Revenue, Expenses, Gains, and Losses	1
Revenues	1
Expenses.....	3
Gains and Losses	3
Income Statement Formats.....	3
Unusual or Infrequently Occurring Items	5
Research and Development Costs.....	7
Research and Development Costs Acquired as Part of a Business Combination	7
Share-Based Payment.....	10
Key Concepts	10
Share-Based Payment Simplification	11
Models Used to Value Share Options.....	12
The Black-Scholes Option-Pricing Model	12
Lattice-Based Models	14
Nonvested and Restricted Stock	20
Employee Stock Purchase Plans	20
Cash-Settled Share-Based Liability Awards	20
Share-Based Compensation Plan Disclosures	20
Tax Aspects.....	23
Deferred Compensation Arrangements	23
Advertising Costs.....	24
Insurance Costs.....	24
Life Insurance	24
Casualty Insurance	25
Business Interruption Insurance	27
Restructuring Charges	27
Costs Associated with Exit or Disposal Activities	27
Website Development Costs.....	28
Income Statement Presentation Starting with Income from Continuing Operations	28
Discontinued Operations and Related Disposal of Long-Lived Asset	29
Classification as Held for Sale.....	29
Exceptions to the One-Year Requirement That Must Exist for Held-for-Sale Classification.....	29
Other Held-for-Sale Considerations.....	30
Held-for-Sale Measurement Considerations	30
Changing the Decision to Sell	31
Classification as a Discontinued Operation.....	31
Reporting the Gain or Loss from Operations of the Discontinued Component.....	33
Reporting and Disclosure—Long-Lived Asset or Disposal Group That Has Been Sold or Is Classified for Sale	34
Earnings per Share	34
Basic Earnings per Share	35
Diluted Earnings per Share	37
Antidilutive Securities.....	39
Share-Based Payment Transactions.....	39
Earnings per Share and Specialized Disclosures on the Income Statement.....	39
Down Round Features	40
Business Combinations.....	41
Disclosures	41
Comprehensive Income	41
Disclosures Associated with Operations.....	45
Change in Accounting Principle.....	45

Table of Contents

Change in Accounting Estimate	47
Personal Financial Statements.....	48
Review Questions.....	51
Review Answers	54
Glossary.....	59
Index	63