

Case study of joan holtz

Business



These problems are intended to provide a basis for discussing questions boutonnière recognition that are not dealt with explicitly In the text and that are antecedently involved to warrant the construction of a regular case.

Instructors can pick from among those listed. Some of them can be used as a take-off point for elaboration and extended discussion by adding “ What If? ” facts.

Answers to Questions 1 . F electricity usage tended to be fairly constant from month to month, nosecone argue In this case for basing reported revenues solely on the actual meter readings: the unreported usage in December would be reported In January, Andover revenues for this year would not be materially misstated. Stated another way. If revenues are based solely on meter readings, the December 2001 post-reading usage (which is recorded in January 2002) is, in effect, assumed to be the same 2002 post- reading usage.

Prior to passage of the 1986 Tax Reformat, this approach was permitted for income tax purposes. The 1986 actresses the more acceptable (due o better matching) practice: estimating gesticulates for the part of December after meters are read and reporting that usage as part of the revenues of that year.

This is more sound accounting, in that whitewasher fluctuations and energy conservation efforts, it is questionable whether the post-reading usage in December 2001 would in fact not differ immateriality’s the post-reading usage in December 2002.

The same problem exists for operators of vending machines. The postal service has the opposite problem: directives cash from stamp sales before all of the stamps are used. It carries liability (unearned revenues) for this effect. Both of these examples illustrated even when cash is involved, the measurement of revenue is not necessarily straightforward. 2.

This is one of the problems whose "true" resolution depends on events attachment be foreseen at the end of the accounting period. Some firms count toehold \$10,000 as revenue in 2001 on the grounds that it is in hand and that nonspecific services are undefined and/or separately billable. Others take the unrecoverable approach of counting only \$5,000 as revenue in 2001 on thousands that the service involved is "readiness to serve," and that this artlessness's equally in each year.

I prefer the latter approach, based on the match boutonnière recognition that are not dealt with explicitly in the text and that are indifferently involved to warrant the construction of a regular case. Instructors can elaborate and extend discussion by adding "What if?" facts. Answers to argue in this case for basing reported revenues solely on the actual meter readings: the unreported usage in December would be reported in January, and revenues for this year would not be materially misstated.

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