2017 FAR Book Errata

Page numbers refer to 2017 FAR textbook pages. When new text is shown along with old text, the new text is highlighted in gray.

Page 3-5

The T-account at the bottom of the page should show a 999 debit to the Investment account, not a credit.

Page 3-6

Disregard the journal entry at the top of the page, showing a debit to Equity in earnings. It is erroneously repeated from the previous page. It does not apply to the cost method.

Page 3-14 (Lecture 3.03 only, 01:10 to 01:39)

FYI: Roger digresses into a discussion of the use of the word “respectively.” This discussion does not relate to accounting for a change in accounting method. Some viewers apparently thought Roger was saying “retrospectively,” rather than “respectively.”

Page 3-16 (also Lecture 3.03, 11:03 – 13:07)

The answer and answer explanation to the #3 MCQ, Point, Inc., should be

(b) 40% of Iona’s income for August 1 to December 31, 20X3 only. When an investor obtains the ability to exercise significant influence over an investee during the period, often as a result of an increase in ownership, the investor applies the equity method to the investment on a prospective basis only. Therefore, the equity method only becomes effective August 1, when Point became a 40% owner of Iona. With 40% ownership, Point records equity in earnings of 40% of Iona’s income from August 1 onward.

Page 3-22

Disregard the stray “Market adjustment 300 line in the middle of the page. When this line is ignored, the journal entry balances.
Page 18-16

The answer and answer explanation to #10 of the Quo TBS should be

10. (D, Z) An increase in ownership from 10% to 30%, coupled with acquiring a seat on the board of directors gives the company the ability to exercise significant influence over the investee and would require a change from the cost method to the equity method. This would not be considered an accounting change or a correction of an error. Requirements under ASC 323 indicate that when an investment qualifies for the equity method, it is to be applied on a prospective basis only, with no need to restate period financial statements.

Pages 19-3 (The text is fine, this pertains to Lecture 19.03, 02:40 only.)

At about 02:40, Roger misspeaks when he says, “Because for book, I expense 50; for tax, I only expense 10.” He meant to say, “Because for **tax**, I expense 50; for **book**, I only expense 10.”

Pages 19-14 (question) and 19-16 (answer explanation)

Because the #4 MCQ, Jab Co., references the outdated current/noncurrent deferred tax item distinction, it can be disregarded.

Page 22-6

In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15, Revenue from Contracts with Customers, discussed in a previous section, which replaces the standards indicated above. **The effective date of IFRS 15 has been deferred to 2018.** As a result, the standards discussed above will be relevant until that time.

**Also pages 1-19, 1-21, 1-23, 1-27, 23-7**

The effective date of IFRS 15 has been deferred to January 1, 2018. It will not be effective on the CPA Exam until January 1, 2018, in accordance with the AICPA’s policy on eligibility of testing for new accounting pronouncements.