This update booklet contains discussions of key accounting standards that have been issued since the publication of *Fundamentals of Intermediate Accounting*, by Kieso, Weygandt, and Warfield. These standards are discussed, by topic, in seven sections, as outlined below. See the following page for a visual display of how these sections relate to the textbook chapters.

*Section 1* Asset Exchanges (revision of APB Opinion No. 29, SFAS No. 153)

*Section 2* Consolidation of Variable Interest Entities (FASB Interpretation No. 46R)

*Section 3* Other-than-Temporary Impairments (EITF 03-01)

*Section 4* Stock-Based Compensation (amendment of SFAS No. 123, SFAS No. 123R)

*Section 5* Pension Disclosures (SFAS No. 132R)

*Section 6* Accounting Changes (replacement of APB Opinion No. 20, SFAS No. 154)

*Section 7* Miscellaneous Update Topics:

  - Income Statement Reporting of Changes in Accounting Principle (replacement of APB Opinion No. 20, SFAS No. 154)
  - Inventory Costs (amendment of ARB No. 43, SFAS No. 151)
  - Preferred Stock (SFAS No. 150)

**OTHER WAYS TO STAY UP-TO-DATE**

A *quarterly eNewsletter* is distributed to users of *Fundamentals of Intermediate Accounting*, to provide information that updates and complements material in the textbook. Each newsletter contains four parts: (1) *Updates* provide the latest information about new accounting standards. (2) *Financial Reporting Challenges* address a contemporary issue being debated by accounting professionals and standard setters. (3) *By the Way* provides a “heads-up” to instructors on topics that have implications for the intermediate accounting course. (4) *CPA Exam Update*, prepared by Debra R. Hopkins, CPA, CIA, Director of the Northern Illinois University CPA Review, shares information useful for preparing student for the new CPA exam.

*FARS Online (Educational Version)* gives students six complete infobases: Original Pronouncements, Current Text, EITF Abstracts, Staff Implementation Guides (Q&A), Derivative Instruments and Hedging Activities, and a Comprehensive Topical Index. To learn more or to access FARS Online, visit [www.wiley.com/college/farsonline](http://www.wiley.com/college/farsonline).
Key to Using this Update

The following chapters in *Fundamentals of Intermediate Accounting* are affected by the update information described in the callout boxes below.

5 Income Statement and Related Information

The second part of SECTION 7, about INVENTORY COSTS, should be used AS A COMPLEMENT TO the discussion on pages 351–352 of Chapter 8.

8 Accounting for Inventories

SECTION 5 of the Update, about PENSION DISCLOSURES, should be used IN PLACE OF the discussion on pages 760–762 of Chapter 15.

9 Accounting for Property, Plant, and Equipment

SECTION 7 contains MISCELLANEOUS UPDATE TOPICS. The first part of Section 7, about INCOME STATEMENT REPORTING OF CHANGE IN ACCOUNTING PRINCIPLE, should be used IN PLACE OF the discussion on pages 187–193 of Chapter 5.

12 Stockholders’ Equity

The third part of SECTION 7, about PREFERRED STOCK, should be used IN PLACE OF footnote 10, page 590, of Chapter 12.

13 Investments

SECTION 6 of the Update, about ACCOUNTING CHANGES, should be used IN PLACE OF the discussion on pages 824–834 of Chapter 17. In addition, throughout Chapter 17, references to APB Opinion No. 20 should be replaced with SFAS No. 154.

15 Accounting for Compensation

SECTION 3 of the Update, about OTHER-TANTEMORARY IMPAIRMENTS, should be used AS AN APPENDIX TO Chapter 13.

17 Additional Reporting Issues

SECTION 4 of the Update, about CONSOLIDATION OF VARIABLE INTEREST ENTITIES, should be used AS A SUPPLEMENT TO the discussion on page 650 of Chapter 13.

SECTION 1 of the Update, about ASSET EXCHANGES, should be used IN PLACE OF the discussion on pages 428–432 of Chapter 9.