

Calcbench Guide

Product Warranty & Guarantee Disclosures



www.calcbench.com
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What We Do



Calcbench harnesses the power of XBRL to provide cutting edge tools for academic research and teaching.

We make working with complicated, detailed financial data faster and easier than ever before.

- **Robust:** 12,000+ company universe with **300 million+** data points
- **Relevant:** Multiple products for accessing data and footnote text to meet your workflow
- **Timely:** Real-time updates of the data as companies file
- **Accurate:** Continuous data quality monitoring and updates
- **Intuitive:** XBRL tag mapping to streamline complexity

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Calcbench Guide: Product Warranties & Guarantees



Part I: Getting Started

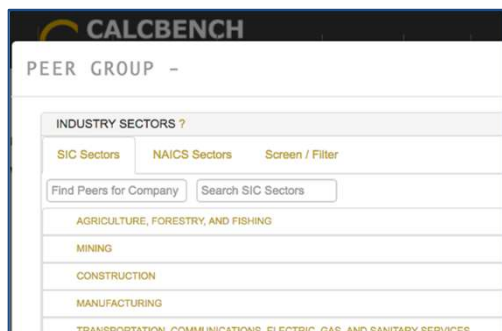
- Using our online platform
- Reading and comparing warranty, guarantee disclosures
- Using the Excel Add-In

Analyze Disclosures - Our Online Platform

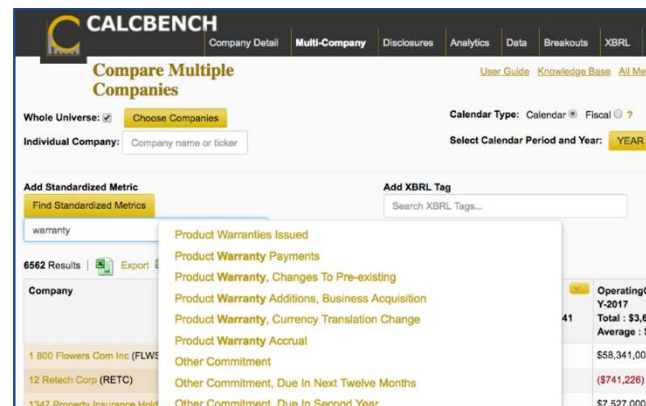


1. Go to www.calcbench.com/multi.

2. Select a group of companies to research.



3. Type 'warranty,' 'guarantee,' or related term in 'Find Standardized Metrics' field; select precise disclosure you want to research.



4. Work online or export to Excel!

Company	ProductWarrantyAccrualWarrantiesIssued Y-2017
	Total : \$28,269,111,471 Average : \$55,867,809
Sherwin Williams Co (SHW)	\$39,707,000
Smith A O Corp (AOS)	\$39,700,000
Lkq Corp (LKQ)	\$38,608,000
Kb Home (KBH)	\$38,452,000

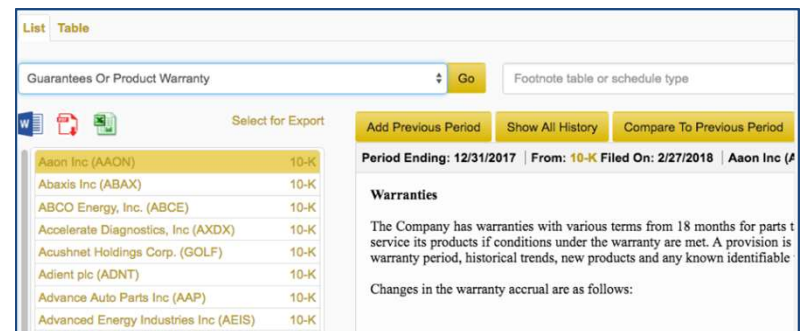
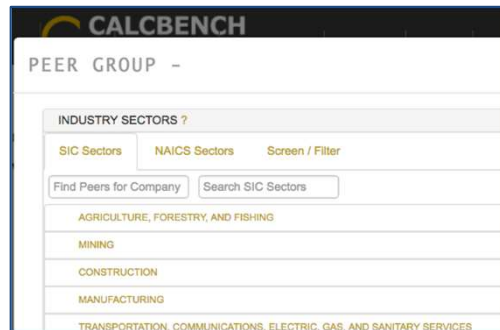
Read & Compare Warranty, Guarantee Disclosures



1. Go to: <https://www.calcbench.com/query/footnotes>

2. Select a group of companies to research.

3. Choose 'Guarantees or Product Warranty' from drop-down list of disclosure types



4. Go to work!

Period Ending: 12/31/2017 | From: 10-K Filed On: 2/27/2018 | Aaon Inc (AAON) | Warranties

Warranties

The Company has warranties with various terms from 18 months for parts to 25 years for certain heat exchangers. The Company has an obligation to replace parts or service its products if conditions under the warranty are met. A provision is made for estimated warranty costs at the time the related products are sold based upon the warranty period, historical trends, new products and any known identifiable warranty issues.


Changes in the warranty accrual are as follows:

	Years Ending December 31,		
	2017	2016	2015
<i>(in thousands)</i>			
Warranty accrual:			
Balance, beginning of period	\$ 7,936	\$ 8,469	\$ 8,130
Payments made	(8,686)	(4,134)	(3,978)
Provisions	11,233	3,601	4,317
Balance, end of period	\$ 10,483	\$ 7,936	\$ 8,469
Warranty expense:	\$ 11,233	\$ 3,601	\$ 4,317

Analyzing Warranty, Guarantee Data in Excel



1. Download our Excel add-in at www.calcbench.com/excel
2. Download the Goodwill & Intangible Assets template at <https://www.calcbench.com/home/guides>
3. Insert the ticker symbol, calendar year, or fiscal period you want to search

		cat Y	cat Y 2014	cat Y 2013
				
<u>Metric</u>	<u>Calcbench metric</u>			
	Product Warranties			
Warranty liability, beginning balance	ProductWarrantyAccrual	1,426,000,000	1,477,000,000	
Increase in liability (new warranties)	ProductWarrantyAccrualWarrantie	1,130,000,000	828,000,000	

Calcbench Guide: Warranty, Guarantee Disclosures



Part II: Analyzing Warranty and Guarantee Data

1. Warranties issued and settled
2. Adjustments to pre-existing warranties
3. Guarantees

Calcbench Guide: Warranty, Guarantee Disclosures



A product **warranty** is a written guarantee, issued to the purchaser of an article by its manufacturer, promising to repair or replace it if necessary within a specified period of time. Accounting principles recognize product guarantees or warranties under ASC 460 – Guarantees, Subtopic 10-25.

Changes in the warranty accrual are as follows:

	Years Ending December 31,		
	2017	2016	2015
	<i>(in thousands)</i>		
Warranty accrual:			
Balance, beginning of period	\$ 7,936	\$ 8,469	\$ 8,130
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Calcbench Metric:

- StandardProductWarrantyAccrual
- StandardProductWarrantyAccrual Payments
- StandardProductWarrantyAccrual WarrantiesIssued
- StandardProductWarrantyAccrual
- ProductWarrantyExpense

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Under U.S. GAAP, companies provide estimated costs of hardware and software warranties at time the related revenue is recognized. For hardware warranties, costs are estimated based on historical and projected product failure rates, and conditions vary depending on the product sold and country of business.

Adjustments to pre-existing warranties are estimates are re-evaluated to assess the adequacy of the recorded warranty liabilities and adjusted for the amounts as necessary.

Changes in product warranty obligations were (in millions):

	September 30,	
	2017	2016
Beginning balance	\$ 28.0	\$ 27.9
Warranties recorded at time of sale	25.8	25.0
Adjustments to pre-existing warranties	(0.2)	1.2
Settlements of warranty claims	(25.1)	(26.1)
Ending balance	\$ 28.5	\$ 28.0

Calcbench Metric:

ProductWarrantyAccrualWarrantiesIssued

ProductWarrantyAccrualPreexisting IncreaseDecrease

ProductWarrantyAccrualPayments

ProductWarrantyAccrualClassifiedCurrent

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Guarantor obligations are promises to take responsibility for another company's financial obligation if the second company cannot meet its obligation. The entity assuming this responsibility is called the guarantor. The guarantor must disclose the nature of the guarantee, maximum potential liability under the guarantee, and provisions that might enable the guarantor to recover any money paid out.

(Millions of dollars)	2017	2016
Caterpillar dealer performance guarantees	\$ 1,313	\$ 1,384
Customer loan guarantees	40	51
Supplier consortium performance guarantees	565	278
Third party logistics business lease guarantees	69	87
Other guarantees	118	56
Total guarantees	\$ 2,105	\$ 1,856

GuaranteeObligationsMaximumExposure

GuaranteeObligationsMaximumExposure



Other questions? Just ask!
Drop us a line:
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