

Balance Sheet: Reporting Liabilities

Table of Contents

Chapter 1 – Current Liabilities and Contingencies	1
Learning Objectives	1
Introduction.....	1
Current Liabilities.....	1
Noncurrent Liabilities	4
Fair Value Measurements	6
Fair Value Option for Financial Assets and Financial Liabilities.....	9
Electing the Fair Value Option.....	10
Events	10
Instrument Application	10
Balance Sheet	12
Statement of Cash Flows	12
Disclosures	12
Eligible Items at Effective Date.....	13
Available-for-Sale and Held-to-Maturity Securities.....	13
Estimated Liabilities and Contingencies	14
Risks and Uncertainties	17
Compensated Absences	18
Deferred Compensation Agreement	19
Accounting For Special Termination Benefits (Early Retirement)	20
Troubled Debt.....	20
Accounting by Creditors for Impairment of a Loan	21
Troubled Debt Restructuring	22
Impairment of Loans	25
Refinancing Short-Term Debt to Long-Term Debt.....	25
Callable Obligations by the Creditor	26
Inducement Offer to Convert Debt to Equity	26
Review Questions	30
Review Answers	32
Chapter 2 – Long-Term Liabilities.....	35
Learning Objectives	35
Bond Accounting.....	35
Early Extinguishment of Debt.....	41
Conversion Spread	42
Extinguishment of Tax-Exempt Debt	42
Imputing Interest on Noninterest Notes Payable	43
Exit or Disposal Activities	45
Third-Party Credit Enhancement	46
Environmental Liabilities	46
Disclosure of Long-Term Obligations	47
Fair Value Option for Issued Debt Instruments	47
Commitments	48
Offsetting Assets and Liabilities.....	48
Presentation of Long-Term Debt	49
Review Questions	52
Review Answers	53
Appendix.....	55
Glossary.....	59
Index	61