

Balance Sheet: Reporting Liabilities

2nd Edition

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	11
Statement of Cash Flows	11
Disclosures.....	11
Eligible Items at Effective Date.....	12
Available-for-Sale Debt Securities and Held-to-Maturity Debt Securities	12
Other Consideration.....	12
Estimated Liabilities and Contingencies	13
Risks and Uncertainties	16
Compensated Absences.....	17
Deferred Compensation Agreement.....	19
Accounting For Special Termination Benefits (Early Retirement).....	19
Troubled Debt.....	19
Accounting by Creditors for Impairment of a Loan	20
Troubled Debt Restructuring	21
Impairment of Loans	24
Refinancing Short-Term Debt to Long-Term Debt.....	24
Callable Obligations by the Creditor	25
Inducement Offer to Convert Debt to Equity	25
Review Questions.....	29
Review Answers	31
Chapter 2 – Long-Term Liabilities.....	33
Learning Objectives	33
Bond Accounting.....	33
Early Extinguishment of Debt.....	39
Conversion Spread	40
Imputing Interest on Noninterest Notes Payable.....	40
Exit or Disposal Activities	43
Third-Party Credit Enhancement	44
Environmental Liabilities	44
Disclosure of Long-Term Obligations	45
Fair Value Option for Issued Debt Instruments	45
Commitments	45
Offsetting Assets and Liabilities.....	46
Presentation of Long-Term Debt	47
Review Questions.....	49
Review Answers	50
Appendix.....	51
Glossary.....	55
Index	57