Unit 8 - Current Liabilities and Fair Market Accounting

Content Area: **Business Education**
Course(s): **Accounting 1**
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Enduring Understandings

Samples

Current liabilities require not only careful management of liquidity and cash flow but also close monitoring.

Essential Questions

Samples

How do the concepts of recognition, valuation, classification, and disclosure apply to current liabilities?

Content

Accounts payable

Accrued liabilities

Commercial paper

Compound interest

Contingent liability

Current liabilities

Definitely determinable liabilities

Estimated liabilities

Future value

Independent contractor

Interest

Line of credit

Long-term liabilities

Ordinary annuity

Present value

Promissory notes

Short-term notes payable

Simple interest

Time value of money

Unearned revenues

Ratios:

Days payable

Payables turnover

Skills

Bloom's Taxonomy

Define current liabilities, and identify the concepts underlying them.

Identify, compute, and record definitely determinable and estimated current liabilities.

Distinguish contingent liabilities from commitments.

Identify the valuation approaches to fair value accounting, define time value of money and interest, and apply them to present values.

Apply the present value concept to simple valuation situations.

Use ratio analysis to manage the impact of current liabilities' impact on liquidity.

Resources

Standards

NJ: 2014 CCCS: 21st Century Life and Careers
NJ: Grade 12
9.1 Personal Financial Literacy
Strand D: Planning, Saving, And Investing
9.1.12.D.1 Calculate short- and long-term returns on various investments (e.g., stocks, bonds, mutual funds, IRAs, deferred pension plans, and so on).
9.1.12.D.2 Assess the impact of inflation on economic decisions and lifestyles.
9.1.12.D.4 Assess factors that influence financial planning.
Strand E: Becoming A Critical Consumer
9.1.12.E.7 Apply specific consumer protection laws to the issues they address.