

# INTERMEDIATE ACCOUNTING

## CHAPTER 13 CURRENT LIABILITIES AND CONTINGENCIES

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**What are current and contingent liabilities?** Current liabilities are the obligations that a company owes and are payable within one year on the balance sheet date. Contingent liabilities are the obligations whose payments depend on specific future events. Current liabilities accrue due to the transactions that happened in the past.

**What is the formula for current liabilities?** So, current liabilities are essential data for the company's directives and third parties interested in financing or investing. Current Liabilities formula = Notes payable + Accounts payable + Accrued expenses + Unearned revenue + Current portion of long-term debt + other short-term debt.

**Which of the following may be a current liability \* 1 point**  
**a withheld income taxes b deposits received from customers c deferred revenue d all of these?**  
The correct answer is d. Withheld income taxes, deposits received from customers, and deferred revenue can be presented as a current liability. Withheld income taxes are classified as a current liability because it is payable to the government as soon as it is withheld.

**What should the liability for paid absences be based on?** The liability of compensated absences is measured at its estimated cost of the absences to the company. The calculation is a function of the number of vested or accumulated unused days at year-end and the wage of the employee. The accounting standards do not stipulate whether current or future wages should be used.

**What is the rule for contingent liabilities?** An entity must recognize a contingent liability when both (1) it is probable that a loss has been incurred and (2) the amount of the loss is reasonably estimable.

**What are three categories of contingent liabilities?**

**What are the 7 current liabilities?** The most common current liabilities found on the balance sheet include accounts payable; short-term debt such as bank loans or commercial paper issued to fund operations; dividends payable; notes payable—the principal portion of outstanding debt; the current portion of deferred revenue, such as prepayments by customers ...

**What are the 4 current liabilities?** Examples of current liabilities include accounts payables, short-term debt, accrued expenses, and dividends payable.

**What are the five current liabilities?** The most common current liabilities that appear on the balance sheet include accounts payable, short-term loans, salaries payable, taxes payable, accrued expenses, and deferred revenue.

**Which of these is the best example of a current liability?** A current liability is due within a period of one year or less and is hence also called a short-term debt. In the options provided, the monthly due on a credit card proves to be the best example of current liability as each month, the amount borrowed is repaid and the time period is also less than a year.

**What are the four items each of current assets and current liabilities?** Current assets include cash, debtors, bills receivable, short-term investments, and so on. Current liabilities include bank overdrafts, creditors, bills payable, and so on.

**Which is the proper way to report a contingent asset?** Upon meeting certain conditions, contingent assets are reported in the accompanying notes of financial statements. A contingent asset can be recorded on a firm's balance sheet only when the realization of cash flows associated with it becomes relatively certain.

**How do you calculate current portion of compensated absences?** The current portion should be estimated by applying a percentage to the end of the year compensated absences liability. The percentage should be calculated by dividing the

beginning leave balance that was liquidated during the year (using LIFO) by the beginning leave balance.

**Do liabilities include wages owed to employees?** Some employee benefits, such as paid time off, voluntary deductions, and sick pay, are considered earned wages owed to employees and are therefore considered liabilities.

**How do you account for compensated absences?** In order to record liabilities for compensated absences, ensure the proper use of time-off and ensure that employees are credited and paid for the proper amount of leave, adequate supporting leave time records showing amounts of leave time earned, used and balances remaining for each employee are essential.

**What are the GAAP guidelines for contingent liabilities?** There are three GAAP-specified categories of contingent liabilities: probable, possible, and remote. Probable contingencies are likely to occur and can be reasonably estimated. Possible contingencies do not have a more-likely-than-not chance of being realized but are not necessarily considered unlikely either.

**How to treat contingent liabilities in accounting?** Contingent liabilities are never recorded in the financial statements of a company. These obligations have not occurred yet but there is a possibility of them occurring in the future. So a contingent liability has no accounting treatment as such. Now such contingent liabilities have to be reviewed on a yearly basis.

**What are contingent liabilities that must be disclosed?** Contingent liabilities are recorded if the contingency is likely and the amount of the liability can be reasonably estimated. The liability may be disclosed in a footnote on the financial statements unless both conditions are not met.

**What are contingent liabilities 5 examples?**

**What are the most common contingent liabilities?** The most common example of a contingent liability is a product warranty. Other examples include guarantees on debts, liquidated damages, outstanding lawsuits, and government probes.

**What is the difference between a current liability and a contingent liability?**

Liability is accounted for immediately as you owe the obligation. Amount is recorded

in books as accounts or notes payable. Contingent account is accounted for only when the obligation is probable and amount is estimated.

**What are 10 current liabilities?** Current liabilities are the sum of Notes Payable, Accounts Payable, Short-Term Loans, Accrued Expenses, Unearned Revenue, Current Portion of Long-Term Debts, Other Short-Term Debts.

**How do you calculate current liabilities?** You would use the following formula (or some variation of it):
$$\text{Current liabilities} = \text{notes payable} + \text{accounts payable} + \text{short-term loans} + \text{accrued expenses} + \text{unearned revenue} + \text{current portion of long-term debts} + \text{other short-term debts}$$
For example: A coffee shop owner owes \$300 in accounts payable, \$500 in accrued ...

**What is a current liability GAAP?** Liabilities are considered current when they are expected to be settled as part of the normal operating cycle, held for trading, due for settlement within 12 months from the reporting date, or when the debtor does not have an unconditional right to defer settlement for at least 12 months from the reporting date.

**What are the most common current liabilities?** The most common is the accounts payable, which arise from a purchase that has not been fully paid off yet, or where the company has recurring credit terms with its suppliers. Other categories include accrued expenses, short-term notes payable, current portion of long-term notes payable, and income tax payable.

**What are 10 non-current liabilities?**

**Which accounts appear under current liabilities?**

**What is an example of contingent liabilities?** What Are Examples of Contingent Liability? Pending lawsuits and warranties are common contingent liabilities. Pending lawsuits are considered contingent because the outcome is unknown. A warranty is considered contingent because the number of products that will be returned under a warranty is unknown.

**What is the difference between a liability and a contingent liability?** The key difference between contingent liabilities and actual liabilities is one or more conditions must be fulfilled before a financial transaction is recorded.

**What are the most common contingent liabilities?** The most common example of a contingent liability is a product warranty. Other examples include guarantees on debts, liquidated damages, outstanding lawsuits, and government probes.

**Are contingent liabilities on or off balance sheet?** Off-balance-sheet items are contingent assets or liabilities such as unused commitments, letters of credit, and derivatives. These items may expose institutions to credit risk, liquidity risk, or counterparty risk, which is not reflected on the sector's balance sheet reported on table L.

**What are the GAAP guidelines for contingent liabilities?** There are three GAAP-specified categories of contingent liabilities: probable, possible, and remote. Probable contingencies are likely to occur and can be reasonably estimated. Possible contingencies do not have a more-likely-than-not chance of being realized but are not necessarily considered unlikely either.

**What is the journal entry for contingent liability?** Assuming that the loss contingency is “probable” and can be reasonably estimated, then a journal entry should be recorded to accrue the liability. The journal entry would be to debit legal expense and credit to record the legal liability.

**What are the examples of current liabilities?** Examples of current liabilities include accounts payable, short-term debt, dividends, and notes payable as well as income taxes owed. The analysis of current liabilities is important to investors and creditors. This can give a picture of a company's financial solvency and management of its current liabilities.

**What is the difference between a contingency and a liability?** The distinction between a real liability and a contingent liability depends on the certainty of the payment to be made. A real liability exists when it is probable that the payment will be made. A contingent liability exists when it is only possible that the payment will be made.

**How do you identify contingent liabilities?** An entity recognises a provision if it is probable that an outflow of cash or other economic resources will be required to settle the provision. If an outflow is not probable, the item is treated as a contingent

liability.

**Where do you show contingent liability?** A contingent liability is recorded first as an expense in the Profit & Loss Account and then on the liabilities side in the Balance sheet.

**What are the three conditions for contingent liabilities?**

**What is the accounting standard for contingent liabilities?** Contingent liability: a possible obligation depending on whether some uncertain future event occurs, or, a present obligation but payment is not probable or the amount cannot be measured reliably.

**Which type of contingent liability would most likely be reported?** Any probable contingency needs to be reflected in the financial statements—no exceptions. If the liability is probable and the amount can be reasonably estimated, companies should record contingent liabilities in the accounts.

**Why would a company prefer not to disclose its contingent liabilities?** Answer and Explanation: (a) Disclosing its' contingent liabilities would decrease the expected future profit of the company.

**What is a reasonably possible contingent liability?** Types of Contingent Liabilities Reasonably Possible: A reasonably possible contingency is defined as a future event that is more than remote but less than likely to occur—generally defined as a 50-75% chance of occurring.

**Are contingent liabilities disclosed in financial statements?** A contingent liability is a potential liability that may occur depending on the outcome of an uncertain future event. A contingent liability is disclosed in the accounting records if the contingency is probable and the amount of the liability can be reasonably estimated.

## **Theories of Counseling and Psychotherapy: An Integrative Approach**

**What is an integrative approach to counseling and psychotherapy?**

An integrative approach to counseling and psychotherapy draws upon multiple theoretical frameworks and techniques to tailor interventions to the unique needs of

clients. It recognizes that no single theory can fully address the complexities of human experience and that combining different perspectives enhances treatment efficacy.

### **Why is an integrative approach beneficial?**

An integrative approach offers several benefits:

- **Enhanced client outcomes:** By considering diverse perspectives, therapists can develop personalized interventions that address multiple dimensions of client concerns.
- **Increased flexibility:** Therapists can adapt their approach based on client feedback and the evolving nature of their presenting issues.
- **Expanded professional development:** Therapists who embrace an integrative approach continuously learn and grow, expanding their therapeutic repertoire.

### **What are the key theories commonly integrated in psychotherapy?**

Commonly integrated theories include:

- **Psychodynamic:** Focuses on unconscious conflicts and early life experiences.
- **Cognitive-behavioral:** Examines the relationship between thoughts, behaviors, and emotions.
- **Humanistic:** Emphasizes the inherent worth of clients and their potential for personal growth.
- **Family systems:** Explores the interconnectedness of relationships within families.
- **Solution-focused:** Guides clients toward identifying and achieving their desired outcomes.

### **How are integrative approaches implemented in practice?**

Therapists may incorporate elements from different theories during a single session or over the course of a treatment plan. For example, they may utilize psychodynamic

insights to understand a client's unconscious motivations, cognitive-behavioral techniques to modify unhelpful thought patterns, and humanistic approaches to foster a supportive and empathetic environment.

## **Conclusion**

An integrative approach to counseling and psychotherapy provides a comprehensive and effective framework for client care. By drawing upon multiple theoretical perspectives, therapists can tailor interventions to the unique needs of individuals and enhance the likelihood of successful outcomes. This approach promotes professional flexibility, expands therapist knowledge, and ultimately improves the quality of services provided to clients.

## **Science Form 1 Notes: Key Questions and Answers**

### **1. What is Science?**

Science is a systematic and logical approach to understanding the natural world. It involves observing, experimenting, and analyzing data to form hypotheses and theories that explain various phenomena.

**Q: What is the scientific method?** A: The scientific method is a step-by-step process that involves observation, question, hypothesis, experiment, analysis, and conclusion.

### **2. Matter and Energy**

Matter is anything that occupies space and has mass. Energy is the ability to do work.

**Q: What are the three states of matter?** A: The three states of matter are solid, liquid, and gas.

**Q: What is energy?** A: Energy is the ability to do work. It exists in various forms, such as heat, light, and electricity.

### **3. Forces and Motion**



Forces are interactions that can change the motion of objects. Motion refers to the movement of objects.

**Q: What is a force?** A: A force is a push or a pull that can cause an object to accelerate, decelerate, or change direction.

**Q: What is Newton's Third Law of Motion?** A: For every action, there is an equal and opposite reaction.

#### **4. Cells and Living Organisms**

Cells are the basic units of life. Living organisms are composed of one or more cells.

**Q: What are the two main types of cells?** A: The two main types of cells are prokaryotic cells and eukaryotic cells.

**Q: What is photosynthesis?** A: Photosynthesis is a process by which plants and some other organisms use sunlight to convert carbon dioxide and water into glucose and oxygen.

#### **5. Diversity of Living Organisms**

There is a vast diversity of living organisms on Earth, ranging from single-celled organisms to complex multicellular organisms.

**Q: What is biodiversity?** A: Biodiversity refers to the variety of living organisms in an ecosystem and their interactions.

**Q: What are the threats to biodiversity?** A: Threats to biodiversity include habitat loss, pollution, climate change, and overexploitation.

#### **Space Travel and Health: Reading Answers**

##### **Q1: How does space travel affect the human body?**

A1: Space travel exposes astronauts to unique environmental conditions, including microgravity, radiation, and isolation. These factors can lead to a variety of health problems, such as bone loss, muscle atrophy, radiation exposure, and psychological stress.

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**Q2: What are the specific health risks associated with space travel?**

A2: Some of the specific health risks associated with space travel include:

- Bone loss due to reduced gravity
- Muscle atrophy due to lack of use
- Radiation exposure, which can increase the risk of cancer and other health problems
- Psychological stress due to isolation, confinement, and the challenges of space travel

**Q3: What precautions are taken to protect astronauts from these health risks?**

A3: To protect astronauts from the health risks of space travel, NASA and other space agencies take several precautions, such as:

- Providing astronauts with exercise equipment and dietary supplements to maintain bone and muscle mass
- Shielding astronauts from radiation
- Providing astronauts with psychological support and counseling

**Q4: How does space travel affect the immune system?**

A4: Space travel can affect the immune system in several ways. For example, microgravity can alter the immune system's response to infections. Also, radiation exposure can damage the immune system's cells.

**Q5: What research is being done to address the health risks of space travel?**

A5: NASA and other space agencies are conducting ongoing research to address the health risks of space travel. This research includes studies on the effects of microgravity, radiation, and isolation on the human body. The goal of this research is to develop new technologies and strategies to protect astronauts from these health risks.

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