

## 15.514 SUMMER 2003

### SESSION 13

#### CURRENT LIABILITIES AND CONTINGENCIES AND AN INTRODUCTION TO LONG-TERM DEBT

##### *Objectives*

1. Understand the nature and reporting requirement of short-term liabilities
2. Illustrate the trade-off between reliability and relevance of accounting numbers in the accounting for contingencies
3. Understand the time value of money and the mechanics of present value calculations

##### *Reading Assignment*

Pratt: Chapter 10

Intel: pp. 27

CP: *Accounting for Frequent Flyers*

##### *Class Preparation Questions*

See class server for "Accounting for Frequent Fliers" questions.

For current liabilities:

What kind of current liabilities does Intel have? What types of contingencies does it disclose? How much did Intel accrue to cover contingencies?

##### *Optional Problems*

E10-10, P10-2, P10-5, ID10-1, ID10-3