

## **Learning Objectives**

- Identify the characteristics of trading securities, available-for-sale securities, and held-to-maturity securities.
- Recognize the proper accounting treatment for investments in debt securities.
- Identify how purchases, sales, and changes in fair value of securities affect different accounts.
- Recognize the accounting models that apply to credit impairment of debt securities.
- Recognize the proper accounting treatment for investments in equity securities.
- Identify the proper classification and disclosure for investments in securities.
- Identify the requirements for when to use the equity method, how to apply the equity method, and what disclosures are necessary.

### **Part I: Accounting and Reporting Standards for Investment**

- Background
- Scope and Scope Exceptions

### **Part II: Accounting for Debt Securities**

- Definition of Debt Securities
- Classification of Debt Securities
- Reassessment of Classification
- Impairments
- Presentation and Disclosure
- Other Matters
  - Income Effect
  - Amortization of Bond Discount or Premium
  - Investments by Banks
  - IFRS Connection

### **Part III: Fair Value Method Accounting for Equity Securities**

- Definition of Equity Securities
- Impairments
- Presentation and Disclosure
- Other Matters
  - Lump-Sum Purchase
  - Exchange (Conversion) of Securities
  - Stock Dividends
  - Preferred Stock Received for Common Stock Dividend
  - Stock Splits

### **Part IV: Equity Method Accounting for Equity Securities**

- Equity Accounting
  - Overview
  - Adjustments to Earnings and Losses
- Presentation and Disclosure