

CHAPTER 1 – THE EVOLUTION OF FAIR VALUE

LEARNING OBJECTIVES

- Define the 'historical cost' method of accounting and calculate the current 'amortized cost' of assets and liabilities accounted for under this method.
- Define the 'fair value' method of accounting for assets and liabilities and recognize accounting practices consistent with this method.
- Recognize the differences between the 'historical cost' and 'fair value' methods of accounting.

TOPICS COVERED

- Historical Cost
- The Rising Tide Of Fair Value: The S&L Crisis
- A New Sense Of Urgency: The Enron Crisis
- ASC 820: Fair Value Measurements And Disclosures

CHAPTER 2 – MEASUREMENT

LEARNING OBJECTIVES

- Define 'fair value' as outlined in ASC 820 *Fair Value Measurements and Disclosures*.
- Recognize accounting practices that are consistent with the fair value framework established in ASC 820.

TOPICS COVERED

- Definition Of Fair Value
- Fair Value Framework
- The Price
- The Principal (Or Most Advantageous) Market
- Market Participants
- Attributes Of The Asset Or Liability
- "Highest And Best Use"
- Unit Of Account
- Fair Value At Initial Recognition

CHAPTER 3 – VALUATION TECHNIQUES & INPUTS

LEARNING OBJECTIVES

- Recognize valuation techniques that are consistent with the guidance of ASC 820.
- Recognize the proper classification of valuation inputs into the levels of the fair value hierarchy.

TOPICS COVERED

- Valuation Techniques
- Valuation Inputs
- Fair Value Hierarchy
- Pricing Services And Broker Quotes
- Bid-Ask Prices

CHAPTER 4 – AUDITING FAIR VALUE MEASUREMENTS AND DISCLOSURES

LEARNING OBJECTIVES

- Recognize accounting practices consistent with the fair value disclosure requirements outlined in ASC 820.
- Recognize auditing practices consistent with the standards of fieldwork related to auditing fair value measurements and disclosures included in SAS No. 101.
- Identify the roles that management and the auditor have in the fair value measurement process.

TOPICS COVERED

- ASC 820 Disclosures
- Recurring Fair Value Measurements
- Non-Recurring Fair Value Measurements
- SAS No. 101, Auditing Fair Value Measurements And Disclosures
- Understanding The Entity's Process For Determining Fair Value Measurements And Disclosures And The Relevant Controls, And Assessing Risk
- Evaluating Conformity Of Fair Value Measurements And Disclosures With GAAP
- Testing The Entity's Fair Value Measurements And Disclosures
- Testing Management's Significant Assumptions, The Valuation Model, And The Underlying Data
- Auditing Disclosures About Fair Values

CHAPTER 5 – THE FAIR VALUE OPTION

LEARNING OBJECTIVES

- Recognize the proper application of the fair value option under ASC 825-10.
- Identify assets & liabilities that are eligible for the fair value option.

TOPICS COVERED

- Introducing The Fair Value Option
- ASC 825-10 Financial Instruments: The Fair Value Option
- Scope
- Excluded Items
- Accounting Election
- Timing
- Accounting Impact

CHAPTER 6 – THE FAIR VALUE CONTROVERSY

LEARNING OBJECTIVES

- Recognize the principal arguments against fair value accounting
- Explain the limitations of applying the ASC 820 definition of fair value when markets are illiquid or inactive

TOPICS COVERED

- The Great Recession Of 2007-2009
- The Critical Backlash At "Fair Value"