

B-12.01

Determining if an obligation is a current liability requires careful consideration of certain conditions. Examine the following five conditions, and determine what other conditions must be met before the obligation would be deemed current (Condition A is done as an example):

Condition	Other Conditions to meet:
A Obligation is due within one year	C, D, or E
B Obligation is due within the operating cycle	
C Obligation requires the use of current assets	
D Obligation results in the creation of another current liability	
E Obligation to be satisfied by providing services	