

B-09.02

This problem requires you to carefully reread and think about the book's brief discussion on emerging trends in fair value reporting. As you do so, edit the following incorrect comments to make them correct. The first one is done as an example on the preprinted worksheet.

The Securities and Exchange commission recently issued a standard on fair value accounting.

The fair value standard contemplates revaluing all categories of assets and liabilities.

The fair value standard pertains to financial assets, but not financial liabilities.

The fair value measurements are mandatory.

The fair value standard essentially extends the held-to-maturity approach to trading securities and available-for-sale securities.

Under fair value reporting as contemplated by the ruling, changes in value of securities would be reported in other comprehensive income, not earnings.

The fair value standard represents a narrowing of the opportunities to depart from the historical cost tradition.
