##### CHAPTER 10

**CURRRENT LIABILITIES AND PAYROLL**

### **ONE-MINUTE QUIZ**

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| **TEACHING TIP**  The purpose of chapter questions is to encourage students to read the chapter material before coming to class. They are normally given in the first few minutes of the class before the lecture begins and can count for ½ to 1 mark of a student’s grade. |

**Question 1:**

Provide examples of liabilities that need to be estimated.

**Question 2:**

Provide an example of a contingent liability.

**Question 3:**

Where and how should current liabilities be recorded in the financial statements?

**SUGGESTED SOLUTIONS**

**Question 1:**

Warranty Liability

Customer Loyalty Programs

Gift Cards

**Question 2:**

Lawsuit

**Question 3:**

On the balance sheet – generally listed in the order of liquidity. Not always possible due to varying maturities, so often recorded showing bank loans, N/P and A/P first.