

## Chapter 20 Outline

Feasibility Study  
    Feasibility Study Format  
Allocating Service Centers and Fixed  
Charges  
    Bases for Allocation  
Fair Value Accounting  
    Measurement of Fair Value  
    Transition Adjustment  
    Limitations of Fair Value Accounting  
Compound Value  
Present Value  
Compound and Present Values with  
Annuities

## Competencies

1. Describe the purpose and typical content of a feasibility study. (pp. 521–524)
2. Identify undistributed operating expenses and fixed charges and use various methods to allocate those costs to one or more departments. (pp. 524–526)
3. Distinguish between historical cost and fair value accounting and explain why this distinction has recently become important. (pp. 526–529)
4. Define fair value and describe the FASB's three levels of fair value measurement. (pp. 527–528)
5. Determine when compound and present value calculations are required and perform those calculations. (pp. 529–532)
6. Apply compound and present value concepts to annuities and perform those calculations. (pp. 533–535)