FAR Presentation Cheat Sheet

Original Brisel case | Refinancing and debt classification

Skill: classify principal and repair a classified balance sheet. **Difficulty:** intermediate. US GAAP public corporation; December 31 Year 1 balance sheet; statements issued February 26 Year 2; operating cycle no longer than 12 months. Focused original practice, not a full FAR reference or readiness score.

Complete the evidence check

1. Identify the debt, maturity and reporting date. 2. Verify intent and qualifying long-term refinancing before statements are issued. 3. Limit the noncurrent portion to eligible proceeds used for that debt. **Cash-first warning:** paying with existing current assets and later replenishing cash does not produce the same exception.

Original packet and completed main refinancing

Current assets $244,000; noncurrent assets $356,000; equity $256,000. Equipment-acquisition note $96,000 due June 30 Year 2; other debt $180,000 due Year 4; ordinary current operating liabilities $68,000. Intent documented December 20 Year 1. On January 12 Year 2, a new $72,000 five-year loan directly repays $72,000 of the equipment note. The remaining $24,000 is not refinanced.

Assume no demand/put/subjective acceleration terms, covenant violations, fees, discounts, premiums, interest calculation, taxes or other transactions. The new loan matures January 12 Year 7 and qualifies for long-term treatment. No operating liability is refinanced. All other balances are correct.

December 31 Year 1 presentation	Current	Noncurrent
Original $96,000 equipment note	$24,000	$72,000
Other term debt	$0	$180,000
Ordinary operating liabilities	$68,000	$0
Total liabilities: $344,000	$92,000	$252,000

Main working capital: $244,000 - $92,000 = **$152,000**. Total assets $600,000 = liabilities $344,000 + equity $256,000. The classification does not backdate the January loan or cash entry.

Repair the actual draft, then change the payment order

Actual wrong draft: all $96,000 of the original note is noncurrent. Thus current liabilities are $68,000, noncurrent liabilities $276,000 and working capital $176,000. **Main correction:** transfer $24,000 from noncurrent to current liabilities in the presentation worksheet. Total liabilities and equity do not change.

Independent cash-first alternative: repay $72,000 on January 5 with existing current cash; the January 12 loan merely replenishes cash. No other qualifying arrangement exists. All $96,000 of the original note is current at December 31: current liabilities **$164,000**, noncurrent liabilities **$180,000**, working capital **$80,000**. From the same wrong draft, reclassify $96,000. Do not reduce December 31 cash for the later January payment.

Next review: retain the first wrong maturity, qualifying evidence, amount cap or payment-order step. Then retry one unfamiliar authorized item. Financing agreements, covenant waivers, IFRS and operating-cycle exceptions require their own analysis; this sheet models completed refinancing only.

Source check: October 28, 2026. Deloitte DART 13.7 / ASC 470-10-45-14(a), 45-15 and 45-16; DART 13.3 current/noncurrent framework. 2026 FAR7: prepare and correct a classified balance sheet. Brisel, all figures and tasks are original.