

B-15.05

Three of the following statements are patently false. Find the three false statements. The other statements are true, and may include additional insights beyond those mentioned in the textbook.

“Earnings” is synonymous with “income from continuing operations plus or minus the effects of any discontinued operations or extraordinary items”.

Changes in accounting estimates must be reported by retrospective adjustment.

EBIT and EBITDA are accounting values that are required to be reported on the face of the income statement.

Other comprehensive income can be reported on the face of a statement of comprehensive income, in a separate statement, or directly within the statement of stockholders' equity.

When there is reported change in value for available for sale securities, “comprehensive income” becomes synonymous with “net income”.

There are several ways to calculate return on assets. The numerator may include net income, net income + interest expense, or net income + net of tax interest expense.