

[Exhibits 1.19, 1.20, 1.21, 1.22](#) and [1.23](#) of [Integrative Case 1.1 \(Chapter 1\)](#) present the financial statements for **Walmart** for 2017 to 2020. In addition, the website for this text (www.cengagebrain.com) contains **Walmart's** January 31, 2021, Form 10-K. You should read the management discussion and analysis (MD&A), financial statements, and notes to the financial statements, especially Note 2, "Summary of Significant Accounting Policies."

Required

- a. Given your knowledge of **Walmart's** key success and risk factors, use the note information described previously to evaluate **Walmart's** accounting quality.
- b. If you believe that **Walmart's** accounting policy does not yield measurements of assets and liabilities that reflect economic reality and a measurement of net income that is predictive of future earnings, suggest any changes that you would make to assets, liabilities, and earnings to improve accounting quality. (At this point in your learning process, if you do not have specific numerical adjustments to propose, at least describe potential journal entries you would make to change the financial statements, if any, and what information you might need to make those entries.)
- c. Evaluate whether your proposed adjustments are necessary for (1) credit analysis and (2) equity valuation.

