Example of classmate answer just to show you how post would should lookL

1.

When the company decided to change there method of inventory valuation they decided to make a change in accounting principles and because of this I would evaluate the change and make sure it fell into four categories

1.      The newly adopted principle is generally accepted.

2.      The method of accounting for the effect of the change is conformity with GAAP.

3.      The disclosures related to the change are adequate.

4.      Management has justified that the new accounting principle is preferable.

Obviously, in this case all four criteria are met so I would write my opinion as an unmodified opinion with an emphasis of matter paragraph that includes the matter which is appropriately presented.

**Reference:**

**2.**

According to the AU Section 9420 "Consistency of Application of Generally Accepted Accounting Principles: Auditing Interpretations of Section 420" paragraph.19, states that, A change in accounting principle usually results in including the cumulative effect of the change in net income of the period of the change. A change in inventory pricing method from FIFO to LIFO, however, is a change in accounting principle that ordinarily does not affect retained earnings at the beginning of the period in which the change was made.  
  
Section 420, Consistency of Application of Generally Accepted Accounting Principles, paragraph .22 discusses the periods to which the consistency standard relates: "When the independent auditor reports on two or more years, he should address the consistency of the application of accounting principles between such years. . . ." For a FIFO to LIFO change made in the earliest year presented and reported on, there is no inconsistency in the application of accounting principles, and comparability between the earliest year and subsequent years is not affected since no cumulative effect is reported in the year of the change. Consequently, the independent auditor need not refer to the change in inventory pricing methods.