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All Earnings Are Not the Same

Steven D. Dolvin
sdolvin@butler.edu

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JMDinvestments

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All Earnings Are Not the Same

Two companies in the same industry with the same earnings per share (EPS) may be quite different, particularly depending on how they report their earnings. For example, companies can choose different depreciation methods (e.g., straightline, accelerated, etc.) and inventory accounting approaches (e.g., LIFO, FIFO, etc.). However, while these choices all fall within generally accepted accounting principles (GAAP) and are relatively easy to reconcile, business also have many choices with regard to reported adjustments to earnings, which are more opaque. [Click here for a recent article discussing the discrepancies.](#)

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