Authors’ Response to Reviewers’ Comments: The Case of a Misclassified Cash Flow: Does It Matter?

*We greatly appreciate the reviewers‘ efforts and helpful suggestions and the scribe for her diligence in taking notes. We also thank the reviewers for giving us a hand copy of their editorial comments. It was evident that both reviewers put time and thought into their critiques and suggestions. We hope that we have addressed the issues noted by the reviewers and other participants of our critical incident session.*

Teaching Note (TN)

The learning objectives (LOs) were revised due to a change in emphasis to accounting issues and away from ethics. LOs 1 and 5, from the previous version of the CI, were deleted for they seemed to focus on ethical issues. LOs 4 and 5, in the revised version, are new. In addition, a higher order of verbs, per Bloom’s Taxonomy, was used in revising the objectives. The LOs have been classified according to *Accounting Mastery* and *Critical Thinking* and are now linked to the discussion questions.

The discussion questions were changed in the following ways:

1. Questions were revised to incorporate the reviewers’ suggestions (e.g., avoid yes/no questions);
2. Question 3 is now Question 2 for it seemed to fit better with Question 1 (former Question 2, which has been reworded per reviewer’s suggestion is now Question 3);
3. The term ethics no longer appears in the CI or TN, except when quoting or referring to the Institute of Management Accountants in the answer to Question 7 (which was formerly Question 6);
4. The old Question 7, which seemed to focus on ethical issues, was deleted;
5. Question 6 was added, which focuses on the consequences of the misclassified cash flow; and
6. The Sarbanes-Oxley (SOX) Act of 2002 is also now addressed in Question 6. The reference to SOX should force the student to assess the legality of the project. Students are asked to evaluate how SOX might affect the decision to proceed with Project Alpha.

Some of the references at the end of the TN belonged to the CI. These references were removed unless they also applied to the TN. Only references that pertain to the TN still appear at the end of the TN.

Critical Incident (CI)

No specific items were noted by the scribe for the CI, but some changes were made based on the comments to the TN and the reviewers’ editorial suggestions.

1. References to ethics were eliminated from the CI. For example, the last phrase in the first paragraph was deleted regarding Helen’s thoughts about ethical implications. In addition, the last sentence of the CI (i.e., what should Helen do?) was eliminated for the statement implies that there was an ethical dilemma that she was facing. The subject area on the title page was changed from “Accounting and Ethics” to “Accounting and Financial Reporting.” The title of the critical incident also was shortened by deleting “The Case of” because it seemed somewhat redundant for the journal.
2. In the original CI, the references were given only after the teaching note. The references for the CI are now shown at the end of the CI. References were also added to the body of the CI. Both reviewers noted that the last paragraph was too lengthy, which is now broken into separate paragraphs to facilitate the reading of the CI.
3. The discussion on “mark-to-market” (2nd paragraph) was slightly lengthened to add a little clarity to the topic and explain the cause of the gap between net income and cash flow from operations.