

Notes to Consolidated Financial Statements - (Continued)
Fiscal Years Ended May 26, 2019, May 27, 2018, and May 28, 2017
(columnar dollars in millions except per share amounts)

to our revenue contracts. We did not identify any material differences resulting from applying the new requirements to our revenue contracts. In addition, we did not identify any significant changes to our business processes, systems, and controls to support recognition and disclosure requirements under the new guidance. We adopted the provisions of Topic 606 in fiscal 2019 utilizing the modified retrospective method. We recorded a \$0.5 million cumulative effect adjustment, net of tax, to the opening balance of fiscal 2019 retained earnings, a decrease to receivables of \$7.6 million, an increase to inventories of \$2.8 million, an increase to prepaid expenses and other current assets of \$6.9 million, an increase to other accrued liabilities of \$1.4 million, and an increase to other noncurrent liabilities of \$0.2 million. The adjustments primarily related to the timing of recognition of certain customer charges, trade promotional expenditures, and volume discounts.

The effect of the changes made to our Consolidated Balance Sheet as of May 26, 2019 for the adoption of Topic 606 was as follows:

	<u>As Reported</u>	<u>Adjustments</u>	<u>Balances without Adoption of Topic 606</u>
Current assets			
Receivables, less allowance for doubtful accounts	\$ 831.7	\$ 8.7	\$ 840.4
Inventories	1,571.7	(3.1)	1,568.6
Prepaid expenses and other current assets	93.8	(16.6)	77.2
Current liabilities			
Other accrued liabilities	691.6	(1.1)	690.5
Other noncurrent liabilities	1,951.8	(2.5)	1,949.3

The effect of the changes made to our Consolidated Statement of Earnings for the adoption of Topic 606 was as follows:

	<u>Fiscal 2019</u>		
	<u>As Reported</u>	<u>Adjustments</u>	<u>Balances without Adoption of Topic 606</u>
Net sales	\$ 9,538.4	\$ 15.5	\$ 9,553.9
Cost of goods sold	6,885.4	24.5	6,909.9
Income from continuing operations before income taxes and equity method investment earnings	823.3	(9.0)	814.3

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*, which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The effective date for this standard is for fiscal years beginning after December 31, 2017. We adopted this ASU in fiscal 2019. The adoption of this guidance did not have a material impact to our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*, which clarifies how companies present and classify certain cash receipts and cash payments in the statement of cash flows. We adopted this ASU retrospectively in fiscal 2019. The adoption of this guidance did not have a material impact to our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash*, which provides amendments to current guidance to address the classifications and presentation of changes in restricted cash in the statement of cash flows. We adopted this ASU retrospectively in fiscal 2019. The adoption of this guidance did not have a material impact to our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations: Clarifying the Definition of a Business*, which provides a new framework for determining whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. We adopted this ASU prospectively in fiscal 2019. The adoption of this guidance did not have a material impact to our consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, *Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires companies to present the service cost component of net