

Qno.4					
Computation for Corrected Net Income or Loss					
Description	2010	2011	2012	2013	2014
Reported Net Income or Loss	19,500	20,000	2,000	(4,500)	15,000
Less:Overstatement of Ending Inventory	(1,500)		(2,800)		(1,600)
Add:Understatement of Ending Inventory				4,500	
Add:Overstatement of Beginning Inventory		1,500		2,800	
Less:Understatement of Beginning Inventory					(4,500)
Corrected Net Income or Loss	18,000	21,500	(800)	2,800	8,900

Qno.5			
Computation for Corrected Cost of Goods Sold			
Description	1	2	3
Reported Cost of Goods Sold	201,000	127,500	105,000
Add:Overstatement of Ending Inventory		12,000	
Less:Understatement of Ending Inventory	(7,500)		(10,000)
Less:Overstatement of Beginning Inventory			(12,000)
Add:Understatement of Beginning Inventory		<u>7,500</u>	
Corrected Cost of Goods Sold	<u>193,500</u>	<u>147,000</u>	<u>83,000</u>
Revised Schedule of Income Statement			
Description	1	2	3
Net Sales	300,000	187,500	150,000
Less: Corrected Cost of Goods Sold	<u>(193,500)</u>	<u>(147,000)</u>	<u>(83,000)</u>
Corrected Gross Profit	<u>106,500</u>	<u>40,500</u>	<u>67,000</u>