CORRECTION OF ERRORS

SUBTOPICS 1: Basic Concepts
   A. Definition of Errors
   B. Definition of Fraud
   C. Definition of Prior Period Errors and its treatment
   D. Basic Concepts in Correction of Errors
   E. Concept of Working Capital and Errors affecting working capital

ERRORS
According to Philippine Standards on Auditing No. 240, “error refers to an unintentional misstatement in financial statements including the omission of an amount or a disclosure, including:
1. A mistake in gathering or processing data from which financial statements are prepared;
2. An incorrect accounting estimate arising from oversight or misinterpretation of facts;
3. A mistake in the application of accounting principles relating to measurement, recognition, classification, presentation or disclosure.”

FRAUD
Fraud refers to the intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.

Prior Period Errors
Prior period errors are omissions from, and misstatements in, the entity’s financial statements for one or more prior periods arising from a failure to use or misuse of reliable information that:
   (a) was available when financial statements for those periods were authorized for issue; and
   (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Accounting Treatment of Prior Period Error
According to PAS 8 par 42, “an entity shall correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:
   (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
   (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Limitations on retrospective restatement
A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period).

When it is impracticable to determine the cumulative effect at the beginning of the current period of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.

Basic Concepts in Correction of Errors

<table>
<thead>
<tr>
<th>Errors affecting net income:</th>
<th>Effect in the Net Income</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>If Sales are overstated</td>
<td>Overstated</td>
<td>Direct</td>
</tr>
<tr>
<td>If Cost of sales is overstated</td>
<td>Understated</td>
<td>Inverse</td>
</tr>
<tr>
<td>If Expenses are overstated</td>
<td>Understated</td>
<td>Inverse</td>
</tr>
</tbody>
</table>
### Errors affecting cost of sales:

<table>
<thead>
<tr>
<th>Effect in Cost of Sales</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>If Beginning inventories are overstated</td>
<td>Overstated</td>
</tr>
<tr>
<td>If Net purchases are overstated</td>
<td>Overstated</td>
</tr>
<tr>
<td>If Ending inventories are overstated</td>
<td>Understated</td>
</tr>
</tbody>
</table>

### Working Capital

Working capital is the capital of a business that is used in its day-to-day trading operations, computed as the current assets minus the current liabilities.

<table>
<thead>
<tr>
<th>Effect in working capital</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>If the current assets are overstated</td>
<td>Overstated</td>
</tr>
<tr>
<td>If the current liabilities are overstated</td>
<td>Understated</td>
</tr>
</tbody>
</table>

### SUBTOPICS 2: Types of Errors

#### SUBTOPICS 2.1 A. Balance Sheet or Statement of Financial Position errors

Statement of Financial Position or balance sheet errors affect only the presentation of an asset, liability, or stockholders’ equity account.

When the error is discovered in the error year, the company reclassifies the item to its proper position.

If the error discovered pertains to a prior year, the company should restate the statement of financial position of the prior year for comparative purposes.

#### SUBTOPICS 2.2 B. Income Statement Errors

Income statement errors are errors affecting only the income statement accounts and may include improper classification of revenues or expenses.

A company must make a reclassification entry when it discovers the error in the error year.

If the error discovered pertains to a prior year, the company should restate the income statement of the prior year for comparative purposes.

Since these errors involve two nominal accounts, net income and retained earnings during the period are unaffected.

#### PROBLEM NO. 1 Income Statement and SFP Errors

You discovered the following errors in connection with your examination of the financial statements of the Jessica Corporation:

1. Purchases of merchandise of ₱25,000 in 2016 was erroneously debited to office supplies expense.
2. Preference share capital of ₱28,000 in 2016 was erroneously credited to ordinary share capital.

The following data were extracted from the financial statements of Jessica Corporation:
Questions:
Based on the above data, determine the following:

1. Net Income in 2016
   a. 200,000  
   b. 203,000
   c. 225,000  
   d. 228,000

2. Working capital, end of 2016
   a. 152,000  
   b. 180,000
   c. 208,000
   d. 225,000

3. Retained earnings, end of 2016
   a. 200,000
   b. 203,000
   c. 225,000
   d. 228,000

4. Net Income in 2017
   a. 107,000
   b. 135,000
   c. 160,000
   d. 185,000

5. Working capital, end of 2017
   a. 232,000
   b. 228,000
   c. 260,000
   d. 285,000

6. Retained earnings, end of 2017
   a. 275,000
   b. 310,000
   c. 360,000
   d. 413,000

7. Prepare adjusting entries assuming errors were discovered in (a) 2016, (b) 2017, and (c) 2018.

SUBTOPICS 2.3  C. Combined statement of financial position and income statement errors

1. Counterbalancing errors

Combined Statement of Financial Position and Income Statement Errors
Errors affecting both the statement of financial position and income statement can be classified as:

1. Counterbalancing errors and
2. Non-counterbalancing errors

Counterbalancing Errors
Counterbalancing errors are errors that will offset or be corrected over two accounting periods. Examples include the following:

Omissions of the following:
1. Deferred expense (or Prepayments under the expense method.)
2. Deferred income (Precollection under the revenue method.)
3. Accrued Expenses
4. Accrued Revenues

Overstatement Or Understatement of the following:
5. Sales not recorded in the first year and subsequently recorded the following year (or vice versa).
6. Purchases not recorded in the first year and subsequently recorded the following year (or vice versa).
7. Error affecting ending inventory.

PROBLEM NO. 2 Counterbalancing Errors
You discovered the following errors in connection with your examination of the financial statements of the Jane Corporation:

1) Accrued interest expense of ₱18,000 was not recorded at the end of 2016.
2) Accrued rent receivable of ₱25,000 was not recorded at the end of 2016.
3) The company paid one-year insurance premium of ₱24,000 effective March 1, 2016. The entire amount was debited to expense account and no adjustment was made at the end of 2016.
4) The company leased a portion of its building for ₱36,000. The term of the lease is one year ending April 1, 2017. Collection of rent was credited to rent revenue account. At the end of 2016, no entry was made to take up the unearned portion of the amount collected.

The following data were extracted from the financial statements of Jane Corporation:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>200,000</td>
<td>160,000</td>
</tr>
<tr>
<td>Working capital</td>
<td>180,000</td>
<td>260,000</td>
</tr>
<tr>
<td>RE, end of the year</td>
<td>200,000</td>
<td>360,000</td>
</tr>
</tbody>
</table>

Questions:
Based on the above data, determine the following:
1. Net Income in 2016
2. Working capital, end of 2016
3. Retained earnings, end of 2016
4. Net Income in 2017
5. Working capital, end of 2017
6. Retained earnings, end of 2017
7. Prepare adjusting entries assuming errors were discovered in (a) 2016, (b) 2017, and (c) 2018.

PROBLEM NO. 3 Counterbalancing Errors
You discovered the following errors in connection with your examination of the financial statements of the Girlie Corporation:

1) Purchase of merchandise on account on December 24, 2016 amounting to ₱50,000 was not recorded until it was paid in January 2017. The merchandise was properly included in the ending inventory in 2016.
2) Sale of merchandise on account on December 30, 2016 amounting to ₱60,000 was not recorded until it was collected in January 2017. The merchandise was properly excluded in the ending inventory in 2016.
3) On December 31, 2016, the ending inventory was understated by ₱30,000.

The following data were extracted from the financial statements of Girlie Corporation:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>200,000</td>
<td>160,000</td>
</tr>
<tr>
<td>Working capital</td>
<td>180,000</td>
<td>260,000</td>
</tr>
<tr>
<td>RE, end of the year</td>
<td>200,000</td>
<td>360,000</td>
</tr>
</tbody>
</table>

Questions:
Based on the above data, determine the following:
1. Net Income in 2016
2. Working capital, end of 2016
3. Retained earnings, end of 2016
4. Net Income in 2017
5. Working capital, end of 2017
6. Retained earnings, end of 2017
7. Prepare adjusting entries assuming errors were discovered in (a) 2016, (b) 2017, and (c) 2018.

**Subtopics 2.4 Non-counterbalancing errors**

**Non-counterbalancing errors**

Non-counterbalancing errors do not offset in the next accounting period. Therefore, companies must make correcting entries, even if they have closed the books.

**Examples:**

1. Prepayments under the asset method
2. Precollection under the liability method
3. Error in recording depreciation
4. Improper capitalization of expense
5. Improper expensing of capital expenditures
6. Error in recording of proceeds of sale of an asset (e.g. PPE) as other income

**Problem No. 4 (Noncounterbalancing Errors)**

You discovered the following errors in connection with your examination of the financial statements of the Joy Corporation:

1) The Company paid one-year insurance premium of ₱36,000 effective March 1, 2017. The entire amount was debited to asset account and no adjustment was made at the end of 2017.
2) The company leased a portion of its building for ₱30,000. The term of the lease is one year ending April 30, 2018. Collection of rent was credited to unearned rent revenue account. At the end of 2017, no entry was made to take up the earned portion of the amount collected.
3) Depreciation expense in 2017 was overstated by ₱12,000.
4) Improvements on building amounting to ₱200,000 had been charged to expense on January 1, 2017. Improvements have a life of 4 years.
5) On January 1, 2017, an equipment costing ₱60,000 was sold for ₱20,000. At the date of sale, the equipment had an accumulated depreciation of ₱48,000. The cash received was recorded as other income in 2017.
6) Repairs expense on the building amounting to ₱20,000 had been charged to the building account on January 1, 2017. Depreciation expense has been recorded in 2017 to 2018 based on the 4 year remaining useful life of the building.

The following data were extracted from the financial statements of Joy Corporation:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>200,000</td>
<td>160,000</td>
</tr>
<tr>
<td>Working capital</td>
<td>180,000</td>
<td>260,000</td>
</tr>
<tr>
<td>RE, end of the year</td>
<td>200,000</td>
<td>360,000</td>
</tr>
</tbody>
</table>

**Questions:**

Based on the above data, determine the following:

1. Net income in 2017
   a. ₱194,000
   b. ₱206,000
   c. ₱216,500
   d. ₱325,000

2. Working capital, end of 2017
   a. ₱170,000
   b. ₱192,000
   c. ₱196,500
   d. ₱202,500

3. Retained earnings, end of 2017
   a. ₱194,000
   b. ₱206,000
   c. ₱216,500
   d. ₱325,000

4. Net income in 2018
   a. ₱119,000
   b. ₱154,000
   c. ₱159,000
   d. ₱161,500

5. Working capital, end of 2018
   a. ₱254,000
   b. ₱260,000
   c. ₱276,000
   d. ₱267,500

6. Retained earnings, end of 2018
   a. ₱350,000
   b. ₱350,000
   c. ₱366,000
   d. ₱444,000

7. Prepare adjusting entries assuming errors were discovered in (a) 2017, (b) 2018, and (c) 2019.
COMPREHENSIVE PROBLEMS

PROBLEM NO. 6 (COMPREHENSIVE)
Shannon Company began operations on January 1, 2016. The financial statements contained the following errors:

<table>
<thead>
<tr>
<th>Year</th>
<th>Ending inventory</th>
<th>Depreciation expense</th>
<th>Insurance expense</th>
<th>Prepaid insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>160,000 understated</td>
<td>60,000 understated</td>
<td>100,000 overstated</td>
<td>100,000 understated</td>
</tr>
<tr>
<td>2017</td>
<td>150,000 overstated</td>
<td></td>
<td>100,000 understated</td>
<td></td>
</tr>
</tbody>
</table>

On December 31, 2017, fully depreciated machinery was sold for ₱108,000 cash but the sale was not recorded until 2018.

No corrections have been made for any of the errors.

Ignoring income tax, what is the total effect of the errors on:

1. Net income for 2016?
   - a. 200,000 over  
   - b. 200,000 under  
   - c. 260,000 under  
   - d. 0

2. Net income for 2017?
   - a. 302,000 over  
   - b. 302,000 under  
   - c. 410,000 over  
   - d. 410,000 under

3. Retained earnings on December 31, 2017?
   - a. 102,000 over  
   - b. 102,000 under  
   - c. 200,000 over  
   - d. 200,000 under

4. Working capital on December 31, 2017?
   - a. 42,000 over  
   - b. 58,000 under  
   - c. 60,000 under  
   - d. 98,000 under

PROBLEM NO. 7 (COMPREHENSIVE)
BBCI Co’s net income for 2016, 2017 and 2018 were ₱200,000, ₱290,000 and ₱370,000; respectively. The following items were not handled properly:

a. Rent payable on December 31 have been consistently omitted from the records of that date and have been recorded as expenses when paid in the following year. The rent accruals recorded in this manner were:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2015</td>
<td>5,000</td>
</tr>
<tr>
<td>December 31, 2016</td>
<td>11,000</td>
</tr>
<tr>
<td>December 31, 2017</td>
<td>15,000</td>
</tr>
<tr>
<td>December 31, 2018</td>
<td>9,400</td>
</tr>
</tbody>
</table>

b. Interest of ₱13,000 was received from a borrower on December 23, 2018. It was recorded as income at that time even though the interest pertains to 2019.

c. Invoices for office supplies purchased have been charged to expense accounts when received. Inventories of supplies on hand at the end of each year have been ignored and no entry has been made for them.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2015</td>
<td>7,000</td>
</tr>
<tr>
<td>December 31, 2016</td>
<td>13,000</td>
</tr>
<tr>
<td>December 31, 2017</td>
<td>7,400</td>
</tr>
<tr>
<td>December 31, 2018</td>
<td>14,200</td>
</tr>
</tbody>
</table>

d. You also discovered that on January 1, 2016, the company completed a major repair on the company’s machinery and equipment incurring a total cost of ₱440,000, which it had charged to repairs expense. The said equipment has been used in operations for 5 years as of January 1, 2016. The equipment which had an original cost of ₱1,000,000 had a carrying value of 500,000 as of December 31, 2018.
1. The correct depreciation expense on machinery and equipment in 2018 is:
   a. 62,500    c. 102,500
   b. 100,000    d. 140,000

2. The corrected net income for 2016 is:
   a. 160,000    c. 480,000
   b. 468,000    d. 600,000

3. The corrected net income for 2017 is:
   a. 227,400    c. 253,400
   b. 240,400    d. 278,600

4. The corrected net income for 2018 is:
   a. 369,400    c. 331,200
   b. 341,800    d. 329,400

5. The effect of the above errors to the 2018 beginning retained earnings is:
   a. 352,400 understatement    c. 232,400 understatement
   b. 272,400 understatement     d. 7,600 overstatement

6. The effect of the above errors to 2018 working capital is:
   a. 8,200 understatement    c. 17,800 understatement
   b. 8,200 overstatement      d. 17,800 overstatement

7. The effect of the 2016 errors to 2018 net income is:
   a. 40,000 overstatement    c. 280,000 understatement
   b. 51,000 overstatement    d. 320,000 overstatement

8. The effect of the 2017 errors to 2018 net income is:
   a. 22,400 understatement    c. 15,000 understatement
   b. 7,600 understatement    d. 7,400 overstatement

**PROBLEM NO. 8 (COMPREHENSIVE)**

The income statement of Jophet Company for the years ended December 2013, 2014, and 2015 indicate the following net income:

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>170,000</td>
</tr>
<tr>
<td>2014</td>
<td>450,000</td>
</tr>
<tr>
<td>2015</td>
<td>286,000</td>
</tr>
</tbody>
</table>

An examination of the accounting records for these years indicates that several errors were made in arriving at the net income amounts reported. The following errors were discovered:

a. Sale of merchandise on account amounting to ₱15,000 was not recorded at the end of 2014.

b. Goods costing ₱8,000 were in transit from a supplier on December 31, 2013. The goods were appropriately included in the ending inventory but the corresponding purchase was not recorded.

c. Accrued salaries were consistently omitted from the records. The amounts omitted were:
   - 2013: ₱10,000
   - 2014: ₱14,000
   - 2015: ₱16,000

d. The merchandise inventory at December 31, 2014 was understated by ₱9,000 as the result of errors made in the footings and extensions on the inventory sheets.

e. Unexpired insurance of ₱12,000 applicable to 2014 was expensed in 2013.

f. Interest receivable of ₱2,400 was not recorded on December 31, 2014.

g. Collections from customers had been recorded as sales but should have been recognized as advances from customers because goods were not shipped until the following year:
   - 2013: ₱20,000
   - 2014: ₱18,000

h. On January 2, 2014, a piece of equipment costing ₱40,000 was sold for ₱18,000. At the date of sale, the equipment had an accumulated depreciation of ₱24,000. The cash received was recorded as income in 2014. In addition, depreciation was recorded for this equipment in both 2014 and 2015 at the rate of 10% of cost.

i. A building which had a fair value of ₱1,200,000 was accepted from the city government as a donation on January 1, 2013. The building that was estimated to be useful for another 10 years was to be used as a factory site as a condition on the grant. Legal fees incurred in relation to the donation was at ₱100,000 and was charged to 2013 operating expenses. Another ₱200,000 was incurred to remodel and renovate the building prior to use. The building was capitalized at ₱200,000 (renovation cost) and was depreciated over remaining life using straight line.

**Required:**
Compute the adjusted net income from 2013 to 2015.

**PROBLEM NO. 9 (COMPREHENSIVE)**
The Daniel Corporation is in the process of negotiating loan for expansion purposes. The books and records have never been audited and the bank has requested that an audit be performed. Daniel has prepared the following comparative financial statements for the years ended December 31, 2016 and 2015:

**STATEMENT OF FINANCIAL POSITION**
As of December 31, 2016 and 2015

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>₱163,000</td>
<td>₱82,000</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>392,000</td>
<td>296,000</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>₱37,000</td>
<td>(₱18,000)</td>
</tr>
<tr>
<td>Trading securities, at cost</td>
<td>78,000</td>
<td>78,000</td>
</tr>
<tr>
<td>Merchandise inventory</td>
<td>207,000</td>
<td>202,000</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>₱803,000</td>
<td>₱640,000</td>
</tr>
<tr>
<td><strong>Noncurrent Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>₱167,000</td>
<td>₱169,500</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(₱121,600)</td>
<td>(₱106,400)</td>
</tr>
<tr>
<td><strong>Total PPE (net)</strong></td>
<td>₱45,400</td>
<td>₱63,100</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>₱848,400</td>
<td>₱703,100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND SHAREHOLDERS' EQUITY</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>₱121,400</td>
<td>₱196,100</td>
</tr>
<tr>
<td><strong>Shareholders’ equity:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares, ₱10 par value, authorized 50,000 shares, issued and outstanding 20,000 shares</td>
<td>260,000</td>
<td>260,000</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>467,000</td>
<td>247,000</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>₱727,000</td>
<td>₱507,000</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>₱848,400</td>
<td>₱703,100</td>
</tr>
</tbody>
</table>

**INCOME STATEMENT**
For the years ended December 31, 2016 and 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>₱1,000,000</td>
<td>₱900,000</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>₱430,000</td>
<td>₱395,000</td>
</tr>
<tr>
<td>Gross profit</td>
<td>570,000</td>
<td>505,000</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>210,000</td>
<td>205,000</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>140,000</td>
<td>105,000</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>₱220,000</td>
<td>₱195,000</td>
</tr>
</tbody>
</table>

During the course of the audit, the following additional facts were determined:

A. On December 31, 2016, Daniel provided uncollectible accounts based on 2% of its annual sales. Daniel changed its method of determining its allowance for uncollectible by 10% based on accounts receivable.

B. An analysis of trading securities revealed that this investment portfolio consisted entirely of securities that were acquired in 2015. The total market valuation for these investments as of the end of each year was as follows:
   - December 31, 2015: ₱81,000
   - December 31, 2016: ₱62,000

C. The merchandise inventory at December 31, 2015 was overstated by ₱4,000, and the merchandise inventory at December 31, 2016 was overstated by ₱6,100.

D. On January 1, 2015, equipment costing ₱12,000 (estimated useful life of ten years and residual value of ₱1,000) was incorrectly charged to operating expenses. Daniel records depreciation on straight-line method.

E. At the beginning of 2016, fully depreciated equipment (with no residual value) that originally cost ₱17,500 was sold at scrap for ₱2,500. Although Daniel credited the proceeds of ₱2,500 to property and equipment, no depreciation has been provided on this equipment.

F. An analysis of 2015 operating expenses revealed that Daniel charged to expense a three-year insurance premium of ₱2,700 on January 2, 2015.

Questions:
Based on the above data, compute for the following:

1. The adjusted net income in 2015.
   a. ₱203,700  
   b. ₱206,700  
   c. ₱200,700  
   d. ₱199,700

2. The adjusted net income in 2016.
   a. ₱212,400  
   b. ₱197,200  
   c. ₱196,400  
   d. ₱194,700

3. The adjusted current asset in 2015.
   a. ₱636,000  
   b. ₱643,000  
   c. ₱639,900  
   d. ₱640,800

4. The adjusted total asset in 2016.
   a. ₱836,400  
   b. ₱837,300  
   c. ₱855,000  
   d. ₱852,500

5. The adjusted shareholders’ equity in 2016.
   a. ₱715,900  
   b. ₱753,900  
   c. ₱749,900  
   d. ₱748,900

"Whatever you can do, or dream you can do, begin it. Boldness has genius, power, and magic in it. Begin it now.”  
- Goethe

"Just know, when you truly want success, you’ll never give up on it. No matter how bad the situation may get.” – Unknown

"Accept responsibility for your life. Know that it is YOU who will get you where you want to go, no one else.” – Les Brown

"Its hard to wait around for something you know might never happen; but its harder to give up when you know its everything you want.” – Unknown

“One of the most important keys to Success is having the discipline to do what you know you should do, even when you dont feel like doing it.” - Unknown

--- END OF HANOUTS ---