

Enter Effective Marginal Tax Rate:	35%	TM or WP REF	PRE-TAX CORRECTING ENTRY					TOTAL	TAX EFFECT (If Applicable)			
			BALANCE SHEET					TOTAL				
			ASSETS	LIABILITIES	RETAINED EARNINGS b/f	OTHER EQUITY A/Cs	INCOME STATEMENT	SHOULD	LIABILITIES	RETAINED EARNINGS b/f	OTHER EQUITY A/Cs	INCOME
Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)	EQUAL 0	Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)			
KNOWN MISSTATEMENTS												
Accounts payable errors	Yes	(a)		(716,932)			716,932	0	250,926	0	0	(250,926)
Overaccrued interest expense	Yes	(b)		209,813			(209,813)	0	(73,435)	0	0	73,435
O/S of prepaid insurance	Yes	(c)	(405,000)				405,000	0	141,750	0	0	(141,750)
U/S of accrued legal expense	Yes	(d)		(750,000)			750,000	0	262,500	0	0	(262,500)
O/S of spare parts at 6/30/99 (Plant A)	Yes	(e)	(251,024)				251,024	0	87,858	0	0	(87,858)
								0	0	0	0	0
								0	0	0	0	0
								0	0	0	0	0
								0	0	0	0	0
Total known misstatements			(656,024)	(1,257,119)	0	0	1,913,143	0	669,600	0	0	(669,600)
LIKELY MISSTATEMENTS												
U/S of accounts payable	Yes	(a)		(3,099,247)			3,099,247	0	1,084,736	0	0	(1,084,736)
Overaccrual of legal settlement	No	(f)		2,500,000			(2,500,000)	0	0	0	0	0
Additional allowance for doubtful accounts	Yes	(j)	(583,000)				583,000	0	204,050	0	0	(204,050)
O/S of reserve for damaged goods	Yes	(k)	600,000				(600,000)	0	(210,000)	0	0	210,000
								0	0	0	0	0
Total likely misstatements			17,000	(599,247)	0	0	582,247	0	1,078,786	0	0	(1,078,786)
TOTAL KNOWN + LIKELY			(639,024)	(1,856,366)	0	0	2,495,390	0	1,748,387	0	0	(1,748,387)
Carryover effects of prior year misstatements (all amounts pre-tax):												
Known Misstatements:												
Postretirement benefit cost	Yes	(l)		1,105,000			(1,105,000)	0		(386,750)		386,750
Accounts payable errors	Yes	(a)		253,178			(253,178)	0		(88,612)		88,612
O/S of deferred software development costs	Yes	(m)		1,043,000			(1,043,000)	0		(365,050)		365,050
O/S of allowance for obsolescence (Plant B)	Yes	(f)		(65,000)			65,000	0		22,750		(22,750)
Unspecified reserve (Plant D)	Yes	(g)		(240,000)			240,000	0		84,000		(84,000)
Total:				2,096,178			(2,096,178)	0		(733,662)		733,662
Likely Misstatements:												
Est. U/S of accounts payable	Yes	(a)		629,114			(629,114)	0		(220,190)		220,190
								0		0		0
								0		0		0
								0		0		0
Total:				629,114			(629,114)	0		(220,190)		220,190
Total known & likely carryover effect of misstatements:				2,725,292			(2,725,292)	0		(953,852)		953,852
									1,748,387	(953,852)		(794,534)
SUMMARY AND ANALYSIS OF ERRORS												
Post-tax Planning Materiality:			\$	7,850,000								
Post-tax Monetary Precision:			\$	7,000,000								
Pre-tax Monetary Precision:			\$	10,000,000								
Note: All amounts below are net of tax			Assets	Liabilities	Beg of Year Equity	Other Equity a/cs (e.g. Stock, Paid-in-Capital)	Net income	End of Year Equity				
Total Known Misstatements			(656,024)	(587,519)	1,362,516	0	(118,973)	1,243,543				
Total Known and Likely Misstatements			(639,024)	(107,980)	1,771,440	0	(1,024,436)	747,004				