

**Ex. 3–23**

	Error (a)		Error (b)	
	Over-stated	Under-stated	Over-stated	Under-stated
1. Revenue for the year would be .....	\$ 0	\$12,450	\$ 0	\$ 0
2. Expenses for the year would be .....	0	0	0	7,280
3. Net income for the year would be .....	0	12,450	7,280	0
4. Assets at July 31 would be .....	0	0	0	0
5. Liabilities at July 31 would be .....	12,450	0	0	7,280
6. Owner's equity at July 31 would be .....	0	12,450	7,280	0

**Ex. 3–24**

**\$440,150 (\$424,300 + \$21,950 – \$6,100)**

**Ex. 3–25**

- a. Depreciation Expense ..... 12,200  
     Accumulated Depreciation—Equipment ..... 12,200  
     Depreciation on equipment.
- b. (1) Depreciation expense would be understated. Net income would be overstated.  
     (2) Accumulated depreciation would be understated, and total assets would be overstated. Owner's equity would be overstated.