

CARIBBEAN EXAMINATIONS COUNCIL

**REPORT ON CANDIDATES' WORK IN THE
CARIBBEAN SECONDARY EDUCATION CERTIFICATE® EXAMINATION**

MAY/JUNE 2012

**PRINCIPLES OF ACCOUNTS
GENERAL PROFICIENCY EXAMINATION**

GENERAL COMMENTS

The Principles of Accounts examination is offered in May/June and January each year. The examination consists of the following papers:

Paper 01	-	Multiple Choice
Paper 02	-	Essay Paper
Paper 031	-	School-Based Assessment (SBA)
Paper 032	-	Alternative to SBA (Private Candidates)

Paper 01 consists of 60 multiple-choice items based on the three profiles of the syllabus: Knowledge, Application and Interpretation. The performance of candidates on Paper 01 was fair. The mean mark was 34.53 out of 60 compared with 35.49 in 2011 and 33.12 in 2010. Approximately 65 per cent of the candidates scored at least 50 per cent of the marks for this paper. The highest mark on this paper was 59 out of 60. This was achieved by one candidate.

Paper 02 comprises two sections. Section I, the compulsory section, required candidates to answer three questions. Section II, the optional section, required candidates to answer two of four questions.

The performance on Paper 02 declined significantly compared with 2011. The mean mark for this paper was 31.63 out of 100 compared with 40.96 in 2011 and 40.75 in 2010. Eighteen per cent of candidates earned 50 per cent or more of the maximum marks on this paper.

Paper 031 takes the form of a report on a business prepared to demonstrate a candidate's grasp of basic accounting concepts, rules and principles as applied to a simulated business. Reports are marked by class teachers in accordance with the detailed mark scheme and rubrics found in the syllabus. Students are expected to benefit from teacher feedback and opportunities to improve their final report.

Paper 032, the Alternative to the SBA, is an examination offered to private candidates. The examination attempts to simulate the skills tested in the SBA. This is achieved by presenting candidates with one or two cases or situations from which they are required to respond to questions. The performance of candidates on Paper 032 was consistent with that of 2011 but represents a decline from 2010. The mean mark was 13.27 out of 40 compared with 12.53 in 2011 and 21.52 in 2010. Approximately 14 per cent of candidates earned 50 per cent or more of the maximum available marks on this paper.

DETAILED COMMENTS

Paper 02 – Problem Solving

Section I – Compulsory Questions

Question 1

The question was presented in two parts. Part (a) required candidates to prepare a corrected trial balance and therefore tested their ability to identify whether the account typically had a debit or a credit balance. Part (b) required candidates to post information provided in three day books to an account receivable in the appropriate ledger and one other account. The question also required candidates to demonstrate knowledge of the link between the journals and the debtors control account.

Approximately 99 per cent of candidates attempted the question, 42 per cent of whom scored 50 per cent or more of the maximum available marks. The mean mark on this question was 8.49 out of 20. The standard deviation was 4.60. Eighty-eight candidates scored the maximum mark while 477 scored zero.

Strengths

In general, candidates

- were familiar with the concept; most of them attempted to construct a trial balance
- recognized that the balancing figure was capital
- treated correctly cash in hand, loan, bank overdraft, motor vehicle at cost and bad debts.

Weaknesses

In general, candidates

- did not know the difference between assets and liabilities, and expenses and revenue accounts; as a result, several accounts were often misplaced
- could not link assets and expenses with debit balances and liabilities, contra-asset accounts and revenues with credit balances
- drew up a list of balances placing all accounts in a single column or simply reproduced the question data
- failed to provide totals for the trial balance
- prepared final accounts instead of correcting the trial balance.

Recommendations

Teachers are encouraged to maintain a regular schedule of practice questions which ensures that students continue to be aware of knowledge and skills acquired earlier in the course. Students should practice drawing up the trial balance from a given list of assets, contra-assets (for example, provision of depreciation), liabilities, expenses and revenues. The examples of different kinds of accounts should become more varied and complex. Alternatively, students can be encouraged to disaggregate a correct detailed trial balance into the categories earlier referred to with a focus on allocating the terms to those with debit balances and those with credit balances.

(a) Account in the ledger

Strengths

In general, candidates

- treated the sales and return inwards correctly in the accounts receivable
- were able to balance the account correctly
- were able to open new accounts

Weaknesses

In general, candidates

- often excluded the cash book information in preparing the account receivable
- did not separate one account receivable's transactions from another and recordings were done for both parties in the one account.

(b) Control Account

Weaknesses

In general, candidates

- failed to use information from the cash book to prepare the control account
- used irrelevant information such as cash purchases in the debtors' control account
- recorded incorrect terms in the details column of the control account, for example, Plumber and Henry were used instead of total sales
- recorded the information on the wrong side of the account.

Recommendations

Teachers are encouraged to emphasize the link between journals and ledgers as this continues to be an area of poor performance despite its fundamental role in the practice of accounting. Teachers should also pay attention to the concept of control accounts as a summary of items which affect debtors or creditors as well as the link with journal totals.

Question 2

This question tested candidates' knowledge and application of the concept and rules that guide adjustments to financial statements. Part (a) tested candidates' ability to record the "write off" of bad debts in the journal and the calculation and recording of changes in the provision for doubtful debts in both the journal and the ledger. Part (b) tested candidates' knowledge of the relevant concept underlying adjustments to the final accounts.

Approximately 77 of the candidates attempted the question, 19 per cent of whom scored 50 per cent or more of the maximum available marks. The mean mark was 5.62 out of 20. The standard deviation was 4.24. Forty candidates scored the maximum marks while 1 218 candidates scored zero.

Strengths

In general, candidates

- demonstrated some knowledge of the general journal format including the use of narratives and the application of the rules of entry
- calculated the initial amount for the provision for doubtful debts account and the new amount
- balanced the ledger account correctly
- stated plausible reasons for adjustments to financial statements.

Weaknesses

In general, candidates

- prepared ledger accounts instead of journal entries
- reversed entries frequently

- were unaware that the matching debit would be made to the Profit and Loss Account
- did not adjust correctly for the difference in provision amounts
- were unable to identify or explain which of the concepts was the one that guided adjustments to financial statements.

Recommendations

Teachers are urged to emphasize the role and use of the general journal and the correct application of the rules of entry in diverse accounting transactions. The accounting principles which underlie accounting transactions may help students better understand the application of the rules.

Question 3

This question tested candidates' ability to make the connection between the correction of errors in the journal and the correction of the cash account for errors affecting it. Candidates' knowledge and understanding of the link between the corrected and updated cash book and its reconciliation with the bank statement were also examined.

Approximately 83 per cent of candidates attempted the question, 28 per cent of whom scored 50 per cent or more of the maximum available marks. The mean mark on this question was 6.71 out of 20. The standard deviation was 4.68. Ninety-eight candidates achieved the maximum mark while 1030 candidates scored zero.

Strengths

In general, candidates

- were familiar with the use of the journal for the correction of errors
- recognized that correction of errors may require finding differences or doubling the amounts in entries made previously
- were familiar with the treatment of common items which are used to update the cash book.

Weaknesses

In general, candidates

- did not provide proper headings for the journal or statements
- were unfamiliar with certain types of errors, especially the kind requiring the use of the suspense account
- did not follow instructions to start with the given opening balance
- seemed unaware that the corrections in the journal would be used to amend amounts in accounts in the ledger
- tended to treat with all items indiscriminately, in either updating the cash book or building the bank reconciliation statement.

Recommendations

Teachers should ensure that students are aware of the processes used to determine the entries to correct errors of all kind. For example, students should be aware of the effects of a transaction – which accounts should be debited and which should be credited. Students should also be aware of the adjustment that is required to correct these accounts. This requires that students have a strong grasp of the rules of entry for transactions of all types. The link between the correction of errors in the journal and amendments of the affected accounts should be clarified for students. Although the updating of bank entries in the cash book and reconciling the balance with the bank statement has become very familiar, students should be able to distinguish the terms, for example, unrecorded deposits from unpresented cheques rather than simply be trained to fit items in. If students do not understand the transaction, then they will not be able to perform when the same information is presented in a different scenario.

Section II — Optional Questions

Question 4

This question tested candidates' understanding of how the accounting cycle is applied to the formation of a partnership. Candidates were required to prepare the opening entries to record sole traders' contribution of their individual assets and liabilities to a partnership. They were asked as well to demonstrate their understanding that a classified balance sheet using the order of permanence is in effect a re-formatting of an opening entry and in this case a summary of the two opening entries. Candidates were also required to calculate and apportion each partner's share of profit after a period of operation, using two ratios. In addition, they were required to list two features of a partnership agreement.

Approximately 67 per cent of the candidates attempted the question, 42 per cent of whom scored 50 per cent or more of the maximum available marks. The mean mark was 8.94 out of 20. The standard deviation was 4.99. Three hundred and seventeen candidates score the maximum mark while 275 scored zero.

Strengths

In general, candidates

- calculated or identified at least one of the partner's capital by applying the accounting equation
- correctly prepared headings including appropriate dates
- correctly classified current and fixed (non-current) assets
- used an appropriate format for the balance sheet
- identified mortgage as a long-term liability
- calculated each partner's share of profit using the ratio 3:7
- calculated and recorded the combined cash amount
- identified at least two features of the partnership agreement, namely
 - salaries
 - interest on capital
 - interest on drawings.

Weaknesses

In general, candidates

- were unable to prepare opening journal entries providing ledger accounts, capital accounts and statement of affairs instead
- appeared to be unfamiliar with the terms *receivables* and *payables* and therefore struggled to classify them
- were unable to list assets in the order of permanence
- interpreted the word *summarized* as totals of each section in the balance sheet rather than itemizing the elements of each section
- appeared to be unfamiliar with the capital sharing ratio and the features which are to be found in a partnership agreement identifying instead terms such as the acid test ratio and the liquidity ratio.

Recommendations

Teachers are encouraged to have students practice opening journal entries while exposing them to alternative terms such as *receivables* (debtors), *payables* (creditors), *inventory* (stock) and how these terms are to be classified and treated. These modern terms should replace the traditional terms from the introduction to POA. Students should also be familiar with both the order of permanence and the order of liquidity when classifying the balance sheet. Students should be aware of the terms and conditions that potential partners must agree to prior to forming the partnership. They need to be aware that when profits (or losses) are to be apportioned, the partnership may agree on different methods.

Question 5

This question tested candidates' knowledge of some theoretical areas with respect to limited liability companies. Candidates were required to prepare journal entries to record increases in two types of shares within the authorized share capital as well as the reduction of debentures. This increase required that candidates recognize the creation of a share premium account as well as the effects on the cash/bank account. Finally, the question required the preparation of an appropriation account to show the division of the profits based on the changes in debentures and shareholdings.

Approximately 16 per cent of the candidates attempted the question, with only 5 per cent of them scoring 50 per cent of the maximum available marks. The mean was 3.00 out of 20. The standard deviation was 3.07. The highest mark on this question was 19 out of 20. This was achieved by 2 candidates. Six hundred and eighty-four candidates scored zero.

Strengths

In general, candidates

- correctly interpreted the term *limited liability* and stated at least one role of the board of directors
- calculated the new share capital for ordinary and preference shares and showed the new total of \$21 000 for debentures

- showed an appropriation entry for the transfer to reserve in the appropriation account.
- applied the correct dividend rate and provided a correct heading for the appropriation account.

Weaknesses

In general, candidates

- did not provide specific explanations, in addition they appeared to be unaware of the role of the registrar of companies
- were unfamiliar with the use of the journal and were unable to complete the double entry with an entry for cash/bank
- were unable to differentiate between the ordinary share capital amount and the share premium added
- did not make the link between the reduced debenture total and the calculation of interest on debentures or the increased share capital items and the dividend rate.

Recommendations

Teachers are encouraged to focus on accounting for company transactions earlier in the school year. The application of the rules of entry via the journal may include concepts such as the purchase and sale of shares and debentures and the decrease in the latter earlier in the delivery of the syllabus than it is presently done. Students who are new to accounting principles should be exposed to the concept of shares and the undertaking of liabilities such as loans in a variety of forms. Students are usually aware that loans attract interest and if the amount paid in interest exceeds the amount owed then the interest is applied to the reduced amount. Teachers can then introduce the theories behind company accounts later in the period of instruction referring to previous knowledge as appropriate. Teachers may consider introducing topics such as appropriation of profits immediately after students gain an understanding of the concept of net profit.

Question 6

This question tested candidates' knowledge of the preparation of information that is of interest to a manufacturing firm. The knowledge and skills assessed are routinely tested as part of the topic, manufacturing account. This question was very popular and in general candidates performed creditably.

Approximately 72 per cent of candidates attempted the question, 46 per cent of whom scored 50 per cent or more of the maximum available marks. The mean mark was 8.72 out of 20. The standard deviation was 4.79. Sixty-two candidates achieved the maximum mark while 593 candidates scored zero.

Strengths

In general, candidates

- correctly calculated direct materials consumed
- correctly calculated indirect materials used

- prepared the manufacturing account showing clearly cost of direct materials consumed, prime costs, factory overheads, cost of production
- correctly calculated the cost of goods sold
- attempted all parts of the question
- demonstrated increased attention to proper heading of statements including the name of the business, the statement being prepared and the appropriate wording for the date
- identified all the sections required
- recognized the difference between the two terms, *production costs* and *cost of goods sold*
- transferred the production costs in determining cost of goods sold.

Weaknesses

In general, candidates

- did not include all elements in arriving at the values for direct and indirect materials consumed, especially transportation costs
- failed to apportion the transportation costs correctly and many times included the direct figure but omitted the indirect figure
- failed to transfer calculated figures to the manufacturing account or recalculated them anew in the account
- did not include factory wages as part of prime cost
- did not include indirect material as overhead costs
- placed opening and closing stocks of work in progress in the wrong section of the manufacturing account.

Recommendations

Teachers should have students practise a range of questions distinguishing between cost elements: material from labour; labour from other types of expenses; direct from indirect costs. Students need to be made aware of the importance of individual cost elements, for example, the cost of raw materials used to a manufacturer and the examples of cost items that will be included, for example, transportation costs in that costing exercise. The transfer of the cost of production figure to the cost of sales should be practised so that students are more aware of the link between the manufacturing account and the trading account.

Question 7

This question required candidates to prepare final accounts for a co-operative at various points of its operational life. Candidates were also required to demonstrate knowledge of the structure and operations of co-operatives.

Approximately, 14 per cent of candidates attempted the question, 13 per cent of whom scored 50 per cent or more of the maximum available marks. The mean mark was 4.87 out of 20. The standard

deviation was 3.73. The highest mark on this question was 19 out 20. This was achieved by two candidates, while 288 candidates scored zero.

Strengths

In general, candidates

- prepared the income statement using the correct items and by applying the correct treatment
- showed the correct headings and classified the fixed and current assets, and identified the loan from the co-operative bank as a long term liability in the balance sheet.

Weaknesses

In general, candidates

- appeared unable to calculate dividends or transfer amounts to reserves
- added the figures for both years (December 2010 and December 2011) and then prepared the income statement
- have a poor grasp of the structure and operations of a co-operative entity
- were unable to classify the loan to members as a fixed asset and interest due from members as a current asset and dividends owing as a current liability
- found the term *portable stalls* unfamiliar and hence many of them were unable to classify it as a fixed asset
- failed to prepare the capital section of the balance sheet properly, omitting key items such as the members education fund and the undistributed profits.

Recommendations

Teachers are encouraged to treat with co-operatives with the same due care and attention as other organizations. Students should be exposed to the assets, liabilities and capital items that are peculiar to co-operative accounts to enable them to differentiate these items. Finally, teachers are advised to treat with final accounts as a topic across the range of organizations using an integrated approach rather than in isolation where the concept is taught all over again when a new type of business is introduced.

Paper 031 – School-Based Assessment (SBA)

Paper 031 allows students to experience the workings of the accounting cycle in a simulated or experiential environment. Students develop business and accounting records, using real or pretend transactions including the production of source documents, entering information into appropriate journals, posting to the relevant ledgers including the cash book, totalling and drawing up the trial balance. From this, students are required to produce final accounts for a minimum of two periods and use the application of simple ratios to enable an evaluation of performance.

The resulting reports (no accompanying appendices) are marked by class teachers out of 40 marks using the detailed mark scheme provided in the syllabus. These marks are submitted for moderation through re-marking process that focuses on ensuring adherence to the mark scheme as well as tracing the links between the various stages of the accounting cycle.

Whereas, many teachers support students with valuable feedback and opportunities to produce excellent and detailed SBA projects, other teachers may not be as aware of the obligation to ensure that the marks awarded to students for their project reflect the quality of work produced.

The following report focuses on the strengths and weaknesses of SBAs presented for moderation. Teachers and students should become more aware of what is expected at every step of the process. This will support the production of an SBA that is closely aligned to the guideline, and to which the mark scheme can be applied.

In general, students

- consistently included a table of contents but a significant number of them failed to do proper page numbering or used chapter numbering without identifying individual pages
- cited aims which were too general in nature or reflective of the examination and which lacked a focus specific to the project. There were also frequent instances of overlapping aims
- provided comprehensive descriptions of the simulated business including supporting data such as the type of business and the nature of the business activities but many failed to include the precise time periods during which the business was simulated
- included appropriate diagrams from an accounting perspective but did not always provide labels or explanations of purpose for items on the diagrams presented
- included the transaction listing but did not take care to maintain the sequence that was reflected in their accounts
- included source documents that were written up to reflect transactions from the listing. These documents were not always placed immediately after the transaction listing as expected. Students are reminded that three of these source documents are compulsory, namely
 - cash receipt
 - banking documents (withdrawal/lodgement slips, cheque or cheque counterfoil)
 - sales/purchases invoice

The fourth source document may be drawn from the following list:

- internal memo
- debit note/credit note
- petty cash voucher
- demonstrated mastery in the preparation and presentation of the cash book in terms of cash/bank and discount columns, however, few of them used the three-column cash book
- demonstrated competence in drafting the books of original entry but did not post totals to ledgers, as expected, but posted individual items unnecessarily
- balanced and closed accounts appropriately but some of them did not treat nominal accounts (expenses and revenue accounts) correctly using c/d and b/d when they should have been closed to the trading account or the profit and loss account
- presented trial balances where the given totals usually agreed

- presented income statements with net profit/loss figures which were traceable to the balance sheet
- presented the balance sheet with correct headings and correct ordering of assets in terms of liquidity or permanence with totals agreeing
- gave a statement of performance, but a large percentage failed to substantiate the statement with the net profit/loss figure drawn from the financial statements
- gave accurate computations of ratios with supporting interpretations and provided recommendations/suggestions that were related to the interpretation
- failed to correctly interpret the *further interpretation* component of the SBA project. Students are required to compare two different items over two different time frames within the period of simulation. For example:
 - Week 1 cash sales figure against week 2 cash sales figure
(cash sales cannot be compared with credit sales)
 - Opening cash/bank balance against closing cash/bank balance
(sales cannot be compared with purchases)

While it is admirable that attempts were made by students to include all sections of the project; no mark was awarded for completeness as students failed to complete the project in accordance with the revised SBA mark scheme. The mark for sequential arrangement was also not awarded in most cases due to students' failure to arrange projects in accordance with the sequence stipulated by the revised SBA mark scheme. No component of the project should be placed in an appendix as there is no need for such a section in the project report.

Recommendations

- Students should be guided in selecting the type of business activities and the time frame during which the business will be simulated.
- The following are examples of aims that were **not** accepted by the examiners:
 - To fulfill the requirements of CXC
 - To fulfill and satisfy the needs of the customers/people
 - To make a profit
 - To become independent and to be my own boss

The following are some aims which were accepted:

- To gain practical experience in the application of accounting procedures
- To complete the accounting cycle for the simulated business
- To analyse and interpret the performance of the business
- To assess the financial position of the business

However, students should ensure that their stated aims do not overlap.

- Students need to be advised that if a cash book is included, there is no need for separate accounts for cash and bank in the general ledger.

Paper 032 – Alternative to School-Based Assessment (SBA)

Candidacy for Paper 032 is limited to those persons who are out of the formal, secondary-level school system and would not, therefore, be considered as full-time, secondary school students benefiting from the internal school-based assessment programme. Normally referred to as *Private Candidates*, this also includes persons who have exited the secondary school system without a passing grade on the SBA component of their Principles of Accounts evaluation, as well as persons who may have earned a passing grade on the SBA component but failed the Principles of Accounts Paper 02, more than two years previously.

As per Principles of Accounts syllabus guidelines, private candidates are tested for a duration of 90 minutes, the exam taking the form of a case study, with a minimum of ten and a maximum of fifteen questions. Paper 032 is worth 40 marks, and contributes 20 per cent to the final mark.

The 2012 case study was based on a sole trader, with a small agri-business operation. It tested specific objectives and content taken from the syllabus as follows:

- Section 2 (S.2): The Classified Balance Sheet
- Section 3 (S.3): Books of Original Entry
- Section 4 (S.4): Ledgers
- Section 5 (S.5): Preparation and Analysis of Financial Statements of Sole Trader
- Section 6 (S.6): End of Period Adjustments

Of the 3002 candidates who wrote the paper 032, 22 per cent scored 20 or more of the 40 available marks. The mean was 13.27 out of 40. The standard deviation was 6.72. The highest mark was 39 out of 40. This was achieved by two candidates. Twenty-four candidates scored zero on this paper.

The paper comprised of ten compulsory questions. The following comments reflect the overall strengths and weaknesses of candidates' responses.

Question 1

In this question, candidates were required to state the ledgers in which the debtors' accounts and the capital account would appear. In most cases, candidates provided the names of journals rather than ledgers.

Question 2

This questions required candidates to use the balances presented to prepare a classified balance sheet in vertical style. The majority of candidates was able to prepare a balance sheet (whether classified or vertical). However, candidates frequently misclassified the bank loan as a current liability, did not subtract the provision for bad debts which should be treated as a contra-asset account, and appeared neither to understand the concept of *working capital* nor that the persons owing for gardening jobs were accounts receivable and the persons owed for gardening jobs would be accounts payable of the business.

Question 3

In this question, candidates were required to suggest the importance of presenting the balance sheet of the business to a lender or investor. Candidates provided good reasons for using the balance sheet as a decision-making tool.

Question 4

This question was based on information given for net profit and drawings, candidates were required to prepare the opening capital. Candidates were also required to calculate the return on opening capital employed (ROCE). Both parts of the question proved to be challenging for the majority of candidates. The calculation of opening capital required knowledge of the capital section of the balance sheet applied in reverse. The calculation of ROCE required a statement of the formula and the application of figures, given and calculated.

Question 5

This question required candidates to identify the name of the source document used when receiving or making payments by cheque. Candidates identified many documents which were incorrect. The correct response was receipt.

Question 6

A list of payments and receipts was presented for candidates to prepare a bank account to be balanced at the end of three months. The bank account was prepared correctly in most cases except when candidates included the opening balance and completed the balancing of the account like any other account.

Question 7

Candidates were required to name one item of capital expenditure and one item of revenue expenditure shown in the cash book. They were able to differentiate between revenue and capital expenditure, however many identified others not found in the cash book.

Question 8

Using the given table, candidates were required to calculate: units available for use; units used; units unused and the value of units unused, by the First-In-First-Out (FIFO) method. Candidates were challenged in interpreting this question although this is thought processes required in order to arrive at closing stock.

Question 9

This question tested candidates' competency in calculating depreciation of fixed assets and provision for bad debts for part of one year. They were required to interpret given information and calculate the net book value of a fixed asset, using the straight line method of depreciation, as well as the increase in provision for bad debts. Candidates were able to use the formula to calculate the annual depreciation amount but they generally failed to prorate the figure. They also failed to calculate the increase in the provision for bad debts for the year matching the two figures given.

Question 10

Candidates were given information on the payment of insurance over a nine month period. From this, they were required to prepare accounts for a three-month period. Candidates were required to use the statement given, in order to calculate: the amount paid; the adjustment to be made and the closing

entry to the account. Candidates were challenged in treating with adjustments for prepayments at the end of a period.

Recommendations

- Candidates need to have more exposure to source documents, especially in practical applications of their impact on business records.
- The balance sheet equation, otherwise referred to as the fundamental accounting equation, must be emphasized – so that candidates will be able to identify assets, identify liabilities and compute the capital.
- Candidates should be given more exposure to the use of ledgers, so that they are more familiar with the accounts found in the respective ledgers.
- The basic concepts of double entry accounting should be reinforced. The correct use of ‘c/d’ and ‘b/d’ should also be emphasized.
- Various data were introduced prior to specific questions. Candidates were required to answer questions which required the inclusion of data previously given. Some candidates lost valuable marks when pertinent items were omitted because they failed to recognize and include the relevant data from a previous question. Examples include:
 - Opening balance for the preparation of the bank account in Question 6 was introduced in Question 2.
 - Capital calculated in Question 2 was to be used in Question 4 (a).
- More emphasis should be placed on the calculation and the preparation of double entry for adjustment entries.