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COURSE IN COMMERCE

AN ROINN OIDEACHAIS.
(Department of Education.)

BRAINSE AN CHEÁRD-OIDEACHAIS.
(Technical Instruction Branch.)

TECHNICAL SCHOOL EXAMINATIONS.
1933.

BOOK-KEEPING.

(Third Year.)

Friday, May 12th—7 to 10 p.m.

Examiner—W. EDMISTON CRAWFORD, ESQ., A.C.A.

Co-Examiner—J. F. BURKE, ESQ., D.SC.

GENERAL INSTRUCTIONS.

Enter your examination number on the answer book and your examination number and subject of examination on the envelope supplied, but do not write your name on either. No credit will be given for any answer book upon which your name is written, or upon which your examination number is not written.

You must not have with you any book, notes, or scribbling-paper.

You are not allowed to write or make any marks upon your paper of questions.

You must not, under any circumstances whatever, speak to or communicate with another candidate; and no explanation of the subject of the examination may be asked for or given.

You must remain seated until your answer-book has been taken up, and then leave the examination-room quietly. You will not be permitted to leave before the expiration of twenty minutes from the commencement of the examination, and will not be re-admitted after having once left the room.

If you break any of these rules, or use any unfair means, you are liable to be dismissed from the examination, and your examination may be cancelled by the Department.

Three hours are allowed for this paper. Answer-books, unless previously given up, will be collected at 10 p.m.

INSTRUCTIONS.

Read the General Instructions on page 1.

(*a*) Write the number of the question before the answer.

(*b*) Answers must be written in ink.

(*c*) All questions may be answered.

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1. A Statement of Affairs of the business of William Sloe as at 31st December, 1931, showed :—

ASSETS :—	£
Premises	1,250
Plant and Machinery	1,500
Fittings and Fixtures	600
Stock	905
Debtors	755
Cash	25
LIABILITIES :—	
Sundry Creditors	1,105
Bills payable	85

A proper set of Double Entry Books is not kept but upon enquiry you find that on 31st December, 1932, the Bank Account was overdrawn £525 ; cash on hands was £5 ; Debts due by customers (after writing off Bad Debts, £63) amounted to £802 ; Stock was valued at £1,078 ; and the Liabilities were £1,253 to Sundry Creditors.

During the year improvements to Premises cost £250 ; additional Machinery was acquired for £100, and Fittings to the value of £50 were disposed of ; personal expenses of Mr. Sloe paid out of the Business Bank Account totalled £125 ; and goods to the value of £42 were drawn from Stock for use in his Private House and were not paid for or charged to an Account.

Ascertain the result of Mr. Sloe's Business for 1932, ignoring Depreciation.

[18 marks.]

2. Mr. T. H. Rift is a trader who lodges all Takings and

makes all, except petty payments, by cheque. His cash transactions are recorded in :—

(*a*) A "Receipts and Lodgments" Book, balanced and ruled off monthly, the Total column (Receipts) agreeing with the total of the Lodgments column.

(*b*) A Cheque Payments Book,
and

(*c*) Petty Cash Book.

Separate "Self-balancing" Ledgers are in use for Country and Town Customers.

On 13th March, 1932, he received a remittance of £250 in settlement of the Ledger Account of a Country Customer.

Instead of passing it through the Business Current Bank Account in the ordinary way he placed it on Deposit Receipt at the Loyal Bank, Ltd. On 22nd May, 1932, he uplifted and transferred the Deposit, with Interest amounting to £1 0s. 10d., to Current Account.

Detail how you would record these transactions in Rift's Books bearing in mind the necessity of readily reconciling the Current Bank Account each month.

[16 marks.]

3. Do you consider that the sub-joined Plant and Machinery Account has been properly closed off ? If not re-cast it :—

DR. PLANT AND MACHINERY CR.

1932.	£	1932.	£
Jan. 1st To balance written down value brought forward	2,040	Mar. 31 By Cash, proceeds of sale of Lathe	200
		Dec. 31 ,, Depreciation Account, for depreciation at 20% per annum	368
		,, Balance carried down	1,472
	2,040		2,040

1933
Jan. 1st. To balance b/d. £1,472

Contd. over

6. The Balance Sheet of Messrs. Valiant and Grave, partners, sharing 2/3rds and 1/3rd respectively, on 31st December, 1932, was :—

Liabilities.		Assets.	
Sundry Creditors ..	£4,000	Cash	£300
Capital :		Debtors	1,900
Valiant	6,000	Stock	3,000
Grave	2,000	Plant	1,800
		Buildings	5,000
	£12,000		£12,000

Having decided to admit Farmer into partnership, Valiant and Grave agree that the Goodwill of the Business should be treated as worth £2,400.

Farmer is to introduce Capital to the extent of one-fourth of the combined Capitals of Valiant and Grave in return for the right to a one-fourth share of the Profits.

All the necessary formalities and adjustments having been completed and Farmer having complied with his undertaking on 1st January, 1933, show the Balance Sheet of the newly constituted Firm on that date ; and state the ratio in which Profits will be shared by the partners in future.

[18 marks.]

The Lathe sold was purchased on 1st January, 1930, for £500. The practice of the Company has always been to depreciate Machinery by the Reducing Instalments System, using a rate of 20% per annum.

[15 marks.]

4. The Loom Tweed Company, Ltd., newly formed with an Authorised Capital of £120,000 in £1 Shares, made an offer of 100,000 Shares to the Public for Subscription payable :—

	s.	d.
On Application	2	6
On Allotment	7	6
On 1st Call 1 month after allottment ..	5	0
Balance as and when required ..	5	0
	20	0

The Subscription List closed on 20th October, 1932, when applications for 140,200 Shares had been received.

The Directors proceeded to Allottment on 23rd October, and Letters of Regret were sent to applicants for 200 Shares. All other applicants were allotted five-sevenths of their applications, the surplus application moneys being retained against amounts due on allottment. The Allottment Moneys were received by 5th November. On 23rd November the Directors duly made the First Call of 5/- and up to the 30th November, 1932, it had been responded to by all the Shareholders except one who was the holder of 500 Shares.

(*a*) Write up and balance as on 30th November, 1932, the Company's Share Capital Account ; Application Account ; Allottment Account ; and First Call Account.

(*b*) Assuming that £50,000 had been used on 30th November, 1932, to purchase Sundry Assets, show the Cash Account and Balance Sheet made up to that date.

[18 marks.]

5. Define both of the following :—

(*a*) Average Due Date.

(*b*) Documentary Bill.

Select one and explain the purpose, or purposes, for which it is used and the method of using it.

[15 marks.]