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# Accountancy (4th Year): Technical School Examinations 1933

Department of Education: Technical Instruction Branch

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# COURSE IN COMMERCE.

(24)

**AN ROINN OIDEACHAIS.**
**(Department of Education.)**
**BRAINSE AN CHEARD-OIDEACHAIS.**
**(Technical Instruction Branch.)**

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TECHNICAL SCHOOL EXAMINATIONS.
**1933.**

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## ACCOUNTANCY.
**(Fourth Year.)**

*Thursday, May 4th—7 p.m to 10 p.m.*

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

*Co-Examiner*—J. F. BURKE, ESQ., D.SC.

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GENERAL INSTRUCTIONS.

You are carefully to enter on the Answer Book and Envelope supplied your Examination Number and the subject of examination, but you are not to 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 beginning 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*) What method of Depreciation would you advocate for dealing with the Van Horses of a Bakery.

(*b*) A Bakery with 9 Horse-Vans on the road shows the value of the horses at 1st January, 1932, as £270. Extra Vans are put on the road at 31st March and 30th June, 1932, and new horses are purchased therefor costing £35 and £40 respectively.

On 31st July, 1932, one horse died and was immediately replaced at a cost of £30. On 30th September, 1932 a horse which had developed lameness was disposed of for £10 and replaced on the same date by one costing £38.

The Bakery makes up its Accounts to 31st December, when the horses on hands are valued at £317.

Show the Horses Account in the Bakery Books as you would prepare it for the year 1932, embracing the foregoing transactions and Depreciation.

(*c*) How do the Income Tax Authorities treat purchases and Depreciation of horses in such a case; and explain what adjustment, if any, in the Profit and Loss Account of the foregoing Bakery would be necessary in regard to horses for Income Tax purposes.

[17 marks.]

2. The Tin Packing Company, Ltd. acquired a Lease of certain Premises as from 1st January, 1929 for £500.

The Law Costs and Stamp Duty on the Conveyance amounted to £82 6s. 6d.

The Directors decided to form a Sinking Fund to accumulate a sum equivalent to the cost of the Lease by the end of the Lease which expired on 31st December, 1931, using a 3% rate of Interest.



Write up the Lease Account and the Accounts in connection with the operation of the Sinking Fund for the period of the Lease, given that £0.3235 per annum amounts to £1 in three years at 3%.

The annual instalments are to be calculated to the nearest first decimal place (shilling); ignore Income Tax; and assume that the Sinking Fund Investments realised their book value.

[17 marks.]

3. X and Y sharing Profits, two-thirds and one-third respectively, had borrowed £1,000 from A, who received a one-tenth share of the Profits in lieu of Interest.

Pressed by their Creditors, the Firm decided to dissolve partnership on 31st December, 1932, when the Balance Sheet of the Business was as follows:—

| LIABILITIES. | | ASSETS. | |
|---|---|---|---|
| Trade Creditors ..... | £5,500 | Plant ..... | £1,250 |
| A Loan Account ..... | 1,000 | Stock ..... | 3,700 |
| X Capital ..... | 1,000 | Debtors ..... | 3,000 |
| Y Capital ..... | 500 | Cash ..... | 50 |
| | £8,000 | | £8,000 |

The Plant realised £750; the Stock £2,800; and the Debtors £2,300. The expenses of realisation were £81.

Show the final closing of the Accounts of the Firm assuming that X and Y have no wealth or means whatsoever outside the business.

[16 marks.]

4. *Briefly* define and indicate the features of the following Systems of Cost Accounts:—

(*a*) Terminal; (*b*) Operating (Working); (*c*) Multiple; (*d*) Process; and (*e*) Single (Output).

Which system would you consider most suitable for:—

(*a*) Dye Works.

(*b*) Gas Works.

(*c*) Flour Mill.

(*d*) Omnibus Company.

(*e*) Engineering Bridge Building Contractor.

[15 marks.]

5. Two Companies engaged in the Flax Spinning Industry decided to amalgamate as from the 31st December, 1932, when their respective Balance Sheets were :—

CORK STREET SPINNING MILLS, LIMITED.

| | | | |
|---|---|---|---|
| *Share Capital*: | | Goodwill ... ... | £5,000 |
| 50,000 Shares of £1 fully paid ... | £50,000 | Land & Buildings ... | 9,700 |
| Creditors ... ... | 3,000 | Plant and Machinery | 18,000 |
| Reserve Account ... | 4,000 | Stock ... ... | 15,000 |
| Profit & Loss Account | 1,000 | Debtors ... ... | 8,800 |
| | | Cash ... ... | 1,500 |
| | £58,000 | | £58,000 |

BUSH MILLS WEAVING COMPANY, LIMITED.

| | | | |
|---|---|---|---|
| *Share Capital*: | | Goodwill ... ... | £2,000 |
| 21,000 Shares of £1 each fully paid ... | £21,000 | Plant and Machinery | 11,450 |
| Creditors ... ... | 1,500 | Stock ... ... | 6,550 |
| Profit and Loss Account ... | 4,000 | Debtors ... ... | 5,000 |
| | | Cash ... ... | 1,500 |
| | £26,500 | | £26,500 |

The amalgamation was to be effected by the formation of a new Company called the Corkmills Flax Company, Ltd., to take over the Assets (which were to be treated as worth their book values) and the Liabilities of both the old Companies in exchange for shares in the new Company. The new Company was not to make any issue of Capital to the public; and its Authorised and Issued Capital was to be the amount required for the purpose of acquiring the businesses of the two old Companies. Liquidators were appointed for the purpose of winding up the Cork Street Spinning Mills, Ltd. and the Bush Mills Weaving Co., Ltd., as such.

Show the Journal entries for :—

(*a*) The opening of the Books of the Corkmills Flax Company, Ltd., and;

(*b*) The closing of the books of the Cork Street Spinning Mills, Ltd.

What is the Authorised and Issued Capital of the Corkmills Flax Co., Ltd.

[19 marks.]



6. The Income of Mrs. Black, a widow with one son attending School, for 1932/33 was :—

| | | |
|---|---|---|
| Fees as Part-time Music Teacher ... ... ... | | £45 |
| Interest from £100 5% War Loan 1929/47 ... ... | | 5 |
| Dividends from Investments in Preference Shares of :— | | |
| British Companies—Gross ... ... | £20 | |
| Irish Free State Companies—Gross | 170 | 190 |

She owns and occupies her own house assessed under Schedule "A" in the sum of £25 and in respect of which the Gross Ground Rent is £6 per annum.

What refunds of Tax, if any, can Mrs. Black obtain from the Irish Free State and British Authorities for 1932/33. She is resident in the Irish Free State, and no Assessments had been raised upon her in respect of Fees as Teacher or Untaxed Dividends and Interest.

[16 marks.]