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University of the State of New York -- 14th accountant examination, June 24, 1903: Auditing, commercial law

New York (State)

University of the State of New York

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Recommended Citation

New York (State) and University of the State of New York, "University of the State of New York -- 14th accountant examination, June 24, 1903: Auditing, commercial law" (1903). *State Publications*. 5.
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New York (state)

University of the state of New York - 14th
accountant examination, June 24, 1903.

Auditing
Commercial law

UNIVERSITY OF THE STATE OF NEW YORK

14TH ACCOUNTANT EXAMINATION

AUDITING

WEDNESDAY, June 24, 1903 - 9:15 a.m. to 12:15 p.m., only

"The Regents of the University shall make rules for the examination of persons applying for certificates under this act, and may appoint a board of three examiners for the purpose. . . "

Answer 10 questions but no more. Answers in excess of the number required will not be considered. Do not repeat questions but write answers only, designating by number as in question paper. Check the number () of each one of the questions you have answered. Each complete answer will receive 10 credits. Papers entitled to 75 or more credits will be accepted.

1. In addition to practical experience in the keeping of books of account, what special qualifications should a public auditor possess?

2. In what cases, if any, should checks be regarded as insufficient vouchers for the payment of bills?

3. If, in the course of an audit, it is found that the balance shown by the bank pass book agrees with the balance shown in the cashbook after all outstanding checks have been taken into consideration, should this be deemed conclusive evidence of the correctness of the bank balance? If not, what further evidence should be required?

4. Give examples of such assets and liabilities, not usually found on books of account, as should be considered by the auditor when preparing an income and profit and loss account at the close of a fiscal period.

5. State in consecutive order, the steps you would take in auditing the books of a corporation with which you are familiar.

6. What method should be adopted to verify the correctness of amounts paid by a corporation for (a) directors' fees, (b) agents' and salesmen's commissions?

7. What method should an auditor employ in determining (a) valuation of stock, (b) valuation of accounts receivable, (c) additions to plant and property account?

8. What special considerations would influence you in fixing the rate of depreciation chargeable on (a) buildings, (b) machinery, (c) tools and fixtures, (d) patterns?

9. In making an audit of a firm's books for the purpose of certifying its annual profits for a period of years and with a view to its conversion into a corporation, what items of earnings and expenses should be omitted which ordinarily would be properly included in its regular annual profit and loss account?

10. In making a first audit of the accounts rendered by an executor what documents would be required to enable the auditor properly to perform his duty?

11. In a manufacturing and profit and loss account prepared from a trial balance submitted by your client and verified by you, what expense accounts would you charge in the manufacturing account, and what in the profit and loss account? (Refer to any manufacturing business with which you are familiar.)

12. How would you proceed to audit the transactions of a business for which no cashbook, journal, or ledger had been kept?

13. Describe a desirable system of keeping a petty cashbook and petty cash vouchers.

14. What safeguards in accounting would you suggest to a client to prevent loss of stock by theft?

15. What can an auditor do to verify (a) inventories, (b) payrolls?

14TH ACCOUNTANT EXAMINATION

COMMERCIAL LAW

Wednesday, June 24, 1903 - 1:15 to 4:15 p.m., only

"The Regents of the University shall make rules for the examination of persons applying for certificates under this act, and may appoint a board of three examiners for the purpose. . . "

Laws of 1896, ch. 312, 2

Answer 10 questions but no more. Answers in excess of the number required will not be considered. Do not repeat questions but write answers only, designating by number as in question paper. Check the number () of each one of the questions you have answered. Each complete answer will receive 10 credits. Papers entitled to 75 or more credits will be accepted.

1. What is the source of our present bankruptcy law? Mention three things that may be treated as acts of bankruptcy. May a partnership be adjudged bankrupt? Does a discharge in bankruptcy release a bankrupt from his personal debts, and if so, how may he afterward legally obligate himself to pay such debt?

2. What is a receiver? Is a receiver an agent or representative of either party to the action? May a corporation act as a receiver? Does the receiver of an insolvent corporation have any greater rights as to bringing suits against debtors of the corporation than the corporation possessed? How may a receiver reimburse himself for expenses incurred by him in attempting to preserve the property of which he is receiver?

3. Can a sole surviving partner of an insolvent firm make a general assignment of its assets for the benefit of its creditors without the assent of the representatives of the deceased partner? On the dissolution of a partnership by death of a partner, is the firm name part of the goodwill in which the estate of the deceased partner is entitled to share? Explain.

4. What is the minimum amount of capital necessary for a business corporation formed under the statute? How many persons are necessary to form a corporation in New York? How are directors chosen? Define municipal corporation, stock corporation. Is a corporation liable to forfeiture of its charter for non-user? If so, in what case?

5. Should the title to personal and to real property purchased by a partnership be taken in the firm name or in the names of the individual partners? May a good title to firm realty be passed without the wives of the partners joining in the deed? In case of

the death of a partner to whom does the legal title to the firm assets pass? What rights has a partner as to an accounting with his associates?

6. Is a mortgage executed by a person of unsound mind void? May an infant make a valid mortgage? May a conveyance of property, absolute on its face, and under seal, be shown by outside evidence to be in fact intended only as a mortgage?

7. Explain the difference between a condition and a warranty in a contract of sale. If in a mercantile contract a certain material statement stipulated as being "of the essence of the contract", is violated, what remedy has the injured party? May an injured party, if he choose, treat a breach of condition as a breach of warranty?

8. Distinguish between an involuntary assignment and a voluntary assignment for the benefit of creditors. If the federal bankruptcy law conflicts with the state law of insolvent assignments, which law controls? Does your answer apply to voluntary assignments for the benefit of creditors? Is a voluntary assignment by one who is insolvent an act of bankruptcy? What, in law, constitutes insolvency?

9. What is the source of authority of (a) executors, (b) administrators? What is an "administrator with the will annexed"? Must an executor pay legacies at once? If not, what are his duties with respect to the time of payment of legacies?

10. How many witnesses are necessary to the valid execution of a will? What persons under the statutes are permitted to make wills of personal property? Is your answer the same in respect to wills of real property? May any of the formalities necessary to the execution of a will be omitted in the execution of a codicil?

11. Distinguish between a sale and a mortgage of real property. Distinguish between buying property "subject to the mortgage," and "assuming the mortgage". If the mortgage property is not sufficient to pay the mortgage debt, how may the mortgagee proceed to collect the balance?

12. State whether each of the following is real or personal property: growing crops, standing trees. Would the statute of frauds apply to a sale of either or both of the above mentioned properties?

13. Is it necessary that a consideration be of some benefit to either party to a contract? Does moral duty furnish a sufficient consideration in New York? What two things constitute mutual assent? In general what classes of contracts may be assigned by one party thereto to a third person, without the consent of the other party to the contract?

14. Mention the characteristics that an instrument must possess in order to be negotiable. How is a negotiable instrument transferred? What is an accommodation indorser?

15. Does the relation of principal and agent always rest on consent? If not, give an example of agency not resting on consent? May an infant act as agent so as to bind the principal? Is an unincorporated club a competent principal? When may the members of such a club be held as principals?