

1928

Examination for the degree certified public accountant

Ohio. State Board of Accountancy

Follow this and additional works at: https://egrove.olemiss.edu/acct_st

Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

Ohio. State Board of Accountancy, "Examination for the degree certified public accountant" (1928). *State Publications*. 105.
https://egrove.olemiss.edu/acct_st/105

This Article is brought to you for free and open access by the Accounting Archive at eGrove. It has been accepted for inclusion in State Publications by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

THE OHIO
STATE BOARD OF ACCOUNTANCY

EXAMINATION
FOR THE DEGREE
Certified Public Accountant

COLUMBUS, OHIO

MAY 15, 16 and 17, 1928

THE OHIO
STATE BOARD OF ACCOUNTANCY

EXAMINATION
for the Degree
Certified Public Accountant

COLUMBUS, OHIO

May 15, 16 and 17, 1928



COLUMBUS, OHIO:
THE F. J. HEER PRINTING CO.

1928

**THE OHIO
STATE BOARD OF ACCOUNTANCY**

E. S. THOMAS, C. P. A., *President*, Cincinnati
R. T. BELL, C. P. A., Youngstown
M. J. ARFT, C. P. A., *Secretary-Treasurer*, Toledo

OFFICE OF THE BOARD
DIVISION OF EXAMINATION AND LICENSING
STATE HOUSE
COLUMBUS, OHIO

STATE BOARD OF ACCOUNTANCY

Examination Set for May 15, 16, 17, 1928

The following information is given for the benefit and guidance of Candidates:

Tuesday, May 15

Theory of Accounts.....	9:00 A. M. to 12:00 M.
Auditing	1:00 P. M. to 5:00 P. M.

Wednesday, May 16

Practical Accounting.....	9:00 A. M. to 12:30 P. M.
Practical Accounting.....	1:30 P. M. to 5:30 P. M.

Thursday, May 17

Practical Accounting.....	9:00 A. M. to 12:00 M.
Commercial Law.....	1:00 P. M. to 4:00 P. M.

RULES

It is imperative that the following rules be strictly observed.

1. Place the number assigned to you in the upper right-hand corner of the papers given to you, and on each sheet submitted by you in answer to questions or in solution of problems.
2. Paper of a uniform size or kind will be supplied for each subject, and the use of no other size or kind will be permitted.
3. Arrange your papers in proper order, attach them securely to the examination papers given to you and hand them to the examiner in charge when you have completed your work.
4. All writing must be done with pen and ink, except that on work-sheets, which may be written with pencil.
5. Examination papers must be completed and handed to the examiner in charge within the allotted time.
6. It is important that work-sheets should be in good form.

GRADING OF PAPERS

Satisfactory answers to questions and correct solutions of problems will entitle candidates to 100 credits in each subject.

Candidates receiving 75 or more credits in each subject will be granted a certificate. Those failing to obtain the required credits in any subject will have to be re-examined in that subject only.

In marking papers the Board will take into consideration the intelligence indicated by your answers to questions and solution of problems; also the manner of presentation of Balance Sheets and financial statements. These should be such as you would submit to a client. Neatness and clearness are essential.

MEMBERS OF THE BOARD

E. S. THOMAS, C. P. A.

MARTIN J. ARFT, C. P. A.

ROY T. BELL, C. P. A.

THE OHIO STATE BOARD OF ACCOUNTANCY

Theory of Accounts

Tuesday, May 15, 1928, 9 A. M. to 12 M

1. A. Name and describe fully two methods of determining the average due dates of accounts.
- B. Explain briefly how the law is sometimes circumvented which holds the purchaser of stock from a corporation at a discount liable for the amount of the discount, in case the corporation needed the money to pay creditors.
- C. Suppose that you asked the bookkeeper for an analysis of the authorized stock of his Company and that he reported as follows:

Unissued Stock.....	400,000.00
Issued Stock	500,000.00
Treasury Stock	20,000.00
Outstanding Stock	600,000.00
	\$1,520,000.00
Total Authorized.....	\$1,520,000.00

Would you be in a position to criticize his report without looking at the ledger accounts, assuming that the capital stock of the Company had never been reduced? If so, explain how you would criticize it.

2. A paid \$800.00 to the Blank Corporation for ten shares of Common Stock par value \$100.00 each. Later he donated the ten shares to the company, which the company sold for \$50.00 each. The following entries were made on the books:

	<i>Debit</i>	<i>Credit</i>
Treasury Stock.....	\$1,000.00	
Reserve for Treasury Stock.....		\$1,000.00
For ten shares of Common stock donated by A, par value.....	100.00 each	
Cash	500.00	
Surplus		500.00

For sale of ten shares of Treasury stock for \$50.00 each

If the above entries are wrong in any respect, or do not

properly account for the facts, criticize them and submit the proper entries.

3. Which of the following items are proper charges to asset accounts and which should be charged to expense? Give reasons for your answers. Is there a third way of disposing of these items?
- A. Purchase of Machinery.
 - B. Freight on Machinery purchased.
 - C. Repairs to Machinery.
 - D. Replacement of broken Machinery parts.
 - E. Cost of changing the position of machines after they have once been installed and have been put in operation.
 - F. Purchase of a building and land.
 - G. Cost of reconditioning the building preparatory to installing equipment for operations.
 - H. Repairs to buildings.
 - I. Cost of an extension to the building.
 - J. Improvements to land before factory building is built upon it.
4. Given the following after closing trial balance, state the Net Worth of the Company, and show how you arrived at the amount.

	<i>Debit</i>	<i>Credit</i>
Sundry Assets.....	\$205,000.00	
Sundry Liabilities.....		\$60,000.00
Capital Stock.....		100,000.00
Surplus		12,000.00
Reserve for Donated Treasury Stock.....		5,000.00
Reserve for Bad Debts.....		4,000.00
Reserve for Contingencies.....		3,000.00
Reserve for Depreciation.....		6,000.00
Reserve for Redemption of Sinking Fund		
Bonds		10,000.00
Premium on Stock.....		5,000.00
	\$205,000.00	\$205,000.00

Of the above accounts, which represent:—

- (a) Surplus available for dividends?
- (b) Capital surplus?

- (c) Restricted surplus?
 (d) Valuation reserve?
5. A. An executor, on entering upon his duties, asked you to give him instructions in writing how he should deal with and keep the accounts of his trust. Specify your instructions in the form of a letter.
 B. State what you understand by the following term: "Hire purchase agreement."
6. How would you record an assignment in the books of—
 (a) the Consignor:
 (b) the Consignee:
 (c) Define Account Current.
7. (a) State wherein double entry bookkeeping differs from single entry bookkeeping.
 (b) How would you determine the profits for a given period from a set of books kept on the single entry system the capital at the beginning of the period being known.
8. In the balance sheet of a prosperous "going" concern is carried an item "Goodwill \$150,000.00." Should this item be depreciated, amortized or otherwise written off? What would be the effect should either action be taken? Answer fully.
9. (a) What is the general purpose of accounting?
 (b) Cite a case where this can be attained with exactness and explain why.
 (c) Cite a case where exactness cannot be attained and explain why not.
10. A Company issues \$500,000.00 First Mortgage Bonds and pledges them as collateral security for Notes Payable to banks amounting to \$1,000,000.00. How would you show this transaction on the Balance Sheet?

THE OHIO STATE BOARD OF ACCOUNTANCY**AUDITING**

Examination Tuesday, May 15, 1928, 1 P. M. to 5 P. M

Do not repeat questions, but designate them by number. In addition to technical accuracy the intelligence indicated by your answers will be taken into consideration in grading the papers.

1. A. Would you make any special preparation before start of audit when engaged for the first time?
B. Name four classes of audits and describe briefly.
2. In auditing the books of a corporation, would you ask for records other than the usual books of account? If so, for what purpose?
3. A. How would you verify all items of cash?
B. How would you verify securities?
4. In a detailed audit how would you verify Receivables and Payables?
5. A. What consideration would you give to Inventories?
B. What steps would you take with respect to fixed and intangible assets?
6. A. How would you audit Capital Stock records?
B. To what extent would you analyze Surplus and Reserve accounts?
7. How would you determine the correctness of Revenues and Expenses?
8. Your audit disclosed that the sales for the period under review included selling value of finished merchandise packed and ready for shipment during the month following the closing period. What would your procedure be?
9. A. Your examination disclosed that the Board of Directors had declared dividends prior to closing date on its Common and Cumulative Preferred Stocks payable the following period. Would you give this consideration when preparing your Balance Sheet?
B. What would you do if no action had been taken by the Board of Directors with respect to dividends?

10. Your audit disclosed that invoices for current expenses were not entered until the following period and that invoices entered in the current period were for expense items of the subsequent period. What would you do in such case?

THE OHIO STATE BOARD OF ACCOUNTANCY

PRACTICAL ACCOUNTING

Examination Wednesday, May 16, 1928, 9 A. M. to 12:30 P. M.

Problem 1

You have been engaged by The Columbia Company, which manufactures three classes of commodities, to prepare a Balance Sheet and other statements of the results of operation for the fiscal year ended December 31, 1927. The following pre-closing Trial Balance as of that date has been verified by you.

TRIAL BALANCE AT DECEMBER 31, 1927

	<i>Debits</i>	<i>Credits</i>
Land	\$10,000	
Buildings	30,000	
Machinery	50,000	
Tools	1,250	
Material	223,806	
Direct Labor.....	156,900	
Other Labor.....	58,800	
Superintendence	12,000	
Factory Expense.....	8,028	
Cash	29,758	
Accounts Receivable.....	95,650	
Notes Receivable.....	6,500	
Advances to Salesmen.....	2,500	
Interest	450	
Local Taxes.....	1,500	
Finished Goods Jan. 1.....	25,300	
Goods in Process Jan. 1.....	40,946	
Discounts Allowed.....	2,150	
Selling Expense:		
Salesmen's Salaries.....	34,650	
Salesmen's Expenses.....	14,990	
Advertising	2,510	
Shipping	3,100	
General Expense:		
Salaries	29,000	
Rent	5,500	
Other Expense.....	2,414	

II

Insurance	1,500	.....
Capital Stock.....		\$200,000
Accounts Payable.....		29,398
Notes Payable.....		10,000
Sales — Net		547,854
Discounts Received.....		3,500
Depreciation		29,500
Bad Accounts Reserve.....		440
Surplus		28,510
		<hr/>
Total	\$849,202	\$849,202
		<hr/> <hr/>

Your investigation discloses:

(1) That the Material Account included amount on hand at January 1, and purchases during the year; and that the amount of material on hand at the close of the year was \$34,580., the valuation being at cost, which was slightly less than the market value.

(2) That the cost of Finished Goods on hand at the close of the fiscal year was \$39,705.

(3) That the following Accruals have not been set up:

Direct Labor.....	\$3,100
Other Labor.....	1,200
Salaries—Salesmen	1,350
Salaries—Genl. Office.....	1,000
Local Taxes.....	1,500
Rent	500
Expense (Advertising).....	300

(4) That Depreciation should be set up for the year as follows:

Buildings	2½%
Machinery	10 %

(5) That \$250. of the cost of Tools should be charged off.

(6) That prepaid items were: Insurance \$1000; Interest \$100.

(7) That vouchers for traveling expenses amounting to \$850. should be credited to Advances to Salesmen and charged to proper expense account.

(8) That the Local Taxes should be apportioned 1/3 to General Expenses and 2/3 to Manufacturing.

(9) That none of the buildings are used for administrative purposes, the Company renting offices for that purpose.

(10) That the policy of Company is to treat discount paid and earned as financial matters.

(11) That an amount equal to 2% of Accounts Receivable should be set aside from profits as a reserve for Bad Accounts.

(12) That the Company in contemplation of increasing its facilities, decided to issue \$50,000 of First Mortgage 5% Serial Bonds having a face value of \$1000 each; interest payable semi-annually, and principal to be paid off in 25 equal annual installments, the first payment to be made on October 1, 1928. You find that such bonds were executed as of October 1, 1927, but not issued until December 31, 1927, when the bonds were sold to bankers on a 6% basis, interest semi-annually. Delivery of bonds was made on date of sale and the proceeds \$46,574.86 were placed to the credit of the Company as per agreement. You also find that no entry has been made to record the transaction.

(13) That the entire cost of office Furniture and Fixtures at the Factory and General Office was charged off in the past years.

(14) That at the close of the year, the Directors of the Company declared a dividend of 10% on the Capital Stock, payable on January 15, 1928; and that no record of this has been made on the books of account.

(15) From records of the Factory, you obtain the following information:

Inventory of Goods in Process January 1:

	<i>Class A</i>	<i>Class B</i>	<i>Class C</i>	<i>Totals</i>
Material	10,150	8,500	6,456	25,106
Labor	4,000	3,560	3,000	10,560
Burden	2,000	1,780	1,500	5,280
	<u>16,150</u>	<u>13,840</u>	<u>10,956</u>	<u>40,946</u>

Statement of Material, Labor and Burden put in process during the year:

	<i>Class A</i>	<i>Class B</i>	<i>Class C</i>	<i>Totals</i>
Material	83,634	59,762	45,830	189,226

Labor	70,000	50,000	40,000	160,000
Burden	35,000	25,000	20,000	80,000
	<u>188,634</u>	<u>134,762</u>	<u>105,830</u>	<u>429,226</u>

Inventory of Goods in Process December 31:

	<i>Class A</i>	<i>Class B</i>	<i>Class C</i>	<i>Totals</i>
Material	10,734	8,580	8,186	27,500
Labor	5,000	4,000	5,000	14,000
Burden	2,500	2,000	2,500	7,000
	<u>18,234</u>	<u>14,580</u>	<u>15,686</u>	<u>48,500</u>
Finished Units.....	<u>25,000</u>	<u>21,000</u>	<u>20,000</u>	

From the information in your possession you are required to submit the following:

- (1) A Balance Sheet as of December 31, 1927.
- (2) A Profit and Loss Statement for the fiscal year showing Cost of Manufacturing, Cost of Sales, Profit from Operations, and Net Profits after providing for Federal Income Taxes.
- (3) A detail statement showing aggregate costs of the several classes of commodities manufactured and cost per unit of each class for Materials, Labor and Burden.
- (4) A Work Sheet in good form and clearly stated so that it can be understood by another in case of your absence or death.
- (5) An explanation of the method you would use to verify the correctness of the amount that the bankers reported as the proceeds of the bonds. You are not asked to verify the figures but to explain your method in case your client should request a verification.

THE OHIO STATE BOARD OF ACCOUNTANCY

PRACTICAL ACCOUNTING

Wednesday, May 16, 1928, 1:30 P. M. to 5:30 P. M.

Problem 2

Brown and Black started a retail drug business in Dayton, O., operating under partnership law, January 1, 1925. For two years prior to December 31, 1926, an accountant kept their books of account. After closing the books and preparing the Federal Income return at December 31, 1926, the accountant submitted the following Balance Sheet, which it may be assumed is correct except for depreciation and accrued taxes:

<i>Assets</i>		<i>Liabilities</i>	
Cash on Hand.....	\$100 00	Notes Payable.....	\$2,500 00
Bank	1,262 80	Accounts Payable.....	3,772 10
Accounts Receivable...	896 50	Brown & Black capital	10,243 20
Inventory	11,100 00		<hr/>
Furniture & Fixtures..	3,156 00		
	<hr/>		
TOTAL	\$16,515 30	TOTAL	\$16,515 30

After this date, Mr. Brown stated he would keep the books himself. As of July 1, 1927, at 2 A. M., fire was discovered in the building, and building and contents were a total loss, before the fire could be checked. Insurance was carried as follows: Fire, 12,500.00, apportioned \$10,000.00 to stock and \$2,500.00 to Furniture & Fixtures with a 90% co-insurance clause. In addition, Use and Occupancy insurance was carried to the amount of \$2,500.00 covering non-cancellable expenses and loss of Net Profit.

Claim was duly made on the Insurance Company who had written all the insurance, as follows:

Merchandise	\$12,000 00
Furniture and Fixtures.....	2,500 00
Use and Occupancy.....	2,500 00

The use and occupancy claim was stated as follows:

Loss of Net Profit while out of business July 1, 1927 to September 1, 1927.....	\$1,200 00
Necessary expenses during period, Rent, Clerk hire, etc.	1,300 00
TOTAL	\$2,500 00

At December 31, 1927, these claims had not been adjusted by the Insurance Company and the accountant was called in to prepare the Federal Income return for the partnership. Mr. Brown submitted the following data to the accountant, which he stated he had prepared from the records of the business although he admitted his bookkeeping had been a disappointment and a failure.

Sales	\$33,450 00
Partner's Drawings.....	6,000 00
Clerk Hire.....	4,450 00
Rent	3,600 00
Store supplies.....	350 00
Light and heat.....	384 60
Telephone and telegraph.....	145 00
Accountants and Legal fees.....	270 40
Taxes, County.....	320 00
Insurance	120 00
Miscellaneous	100 00
Merchandise Purchases.....	21,466 69
Inventory, Jan. 1, 1927.....	11,100 00
Inventory, Dec. 31, 1927.....	7,856 69

On May 1, 1928, you are retained by the Insurance Company to determine the fire and use and occupancy losses and upon proceeding to the store to fulfill the engagement are told by Mr. Brown that his bank had requested a Balance Sheet at April 30, 1928, and a certified Profit and Loss Statement for the four months ended that date, and while you are working at the store on this other matter, he will have you prepare the required statements for the bank. Upon inquiry you learn that Mr. Brown had abandoned the books at January 1, 1927, and had prepared the data for the Income Tax from an examination of cancelled checks, cash register readings and an account book on cash drawer disbursements, and your subsequent examination shows this was honestly and accurately prepared. For the four months of 1928 the Cash Journal originally used had been put in service again and

the following is a complete analysis of the footings of the Cash Journal which covers all transactions for the first four months of 1928:

Furniture and Fixtures.....	\$186 60	.....
Notes Payable.....	1,000 00	.....
Cash on Hand.....	41 77	.....
Bank		758 40
Accounts Receivable.....		243 80
Accounts Payable.....	1,100 17	.....
Discount Earned.....		164 90
Charge Sales.....		4,967 50
Cash Sales.....		4,395 00
Purchases	3,289 96	.....
Salaries	1,360 00	.....
Rent	1,200 00	.....
Store Supplies.....	126 40	.....
Light and Heat.....	166 60	.....
Telephone and Telegraph.....	48 10	.....
Taxes County.....	160 00	.....
Brown withdrawals.....	925 00	.....
Black withdrawals.....	925 00	.....
	<hr/>	
	\$10,529 60	\$10,529 60

The Assets and Liabilities which you verified at April 30, 1928, by the inventory method but before adjustments were as follows:

<i>Assets</i>		<i>Liabilities</i>	
Cash on Hand.....	\$110 38	Bank overdraft.....	\$16 10
Accounts Receivable...	1,118 60	Notes Payable.....	4,000 00
Inventory	5,835 42	Accounts Payable.....	3,842 63
Furniture and Fixtures	3,186 60	Brown & Black capital before adjustment....	2,392 27
	<hr/>		
TOTAL	\$10,251 00	TOTAL	\$10,251 00

In addition to the foregoing facts , you learned:

(1) Taxes paid in the first four months of 1928 covered the first half of 1927 personal tax.

(2) No depreciation had ever been provided on the books by the accountant who preceded you, since the business started.

(3) The cash on hand at the date of the fire was not in the building when the fire occurred.

(4) The initial purchase of merchandise after the fire amounted to \$7,518.20, and the purchases for September, October, November, and December were \$400.00 more than the purchases for the first four months of 1928.

(5) The sales for the first six months of 1927 were \$27,551.41.

(6) The per cent of Gross Profit to sales for the period preceding the fire was 43.2%.

(7) New Fixtures purchased after the fire amounted to \$3,000 and had never been entered on the books although a note had been given on September 1, 1927, due six months from date without interest, netiher had any adjustment been made for the fixtures destroyed.

(8) Insurance deducted on Tax return for 1927 was paid on May 1, 1927, for 1 year.

(9) Any other notes owing by the partnership represent private funds advanced by the partners without interest.

Prepare the required statements together with such comments as you wish to make to the bank, and the Insurance Company.

Working papers in pencil; finished reports in ink.

THE OHIO STATE BOARD OF ACCOUNTANCY

PRACTICAL PROBLEM NO. 3

Examination Thursday, May 17, 1928, 9 A. M. to 12 M.

Problem 3

The Cincinnati Manufacturing Company acquired the Toledo and Youngstown Manufacturing Companies on January, 1, 1927.

From the trial balances and other information submitted, you are requested to prepare a Consolidated Balance Sheet and Profit and Loss Statement for the year 1927.

<i>Debits</i>	<i>Cincinnati Mfg. Co.</i>	<i>Toledo Mfg. Co.</i>	<i>Youngstown Mfg. Co.</i>
Cash	\$15,000 00	\$5,000 00	\$11,000 00
Accounts Receivable	65,000 00	21,000 00	40,000 00
Notes Receivable	30,000 00	5,000 00	5,000 00
Plant and Machinery	100,000 00	60,000 00	80,000 00
Capital Stocks Owned—At Cost			
Toledo Company	100,000 00		
Youngstown Company..	150,000 00		
Inventory—January 1, 1927	15,000 00	10,000 00	15,000 00
Raw Material Purchases....	60,000 00	38,000 00	49,000 00
Labor	43,000 00	35,000 00	35,000 00
Manufacturing Expenses....	22,000 00	17,000 00	16,000 00
Selling Expenses.....	10,000 00	6,000 00	10,000 00
Administrative Expenses....	25,000 00	10,000 00	10,000 00
Dividends Paid.....	45,000 00	10,000 00	20,000 00
 Totals	 \$680,000 00	 \$217,000 00	 \$291,000 00
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
<i>Credits</i>			
Accounts Payable.....	\$15,000 00	\$10,500 00	\$36,000 00
Notes Payable.....	5,000 00	9,500 00	9,000 00
Capital Stock.....	450,000 00	50,000 00	80,000 00
Surplus—January 1, 1927..	30,000 00	27,000 00	33,000 00
Sales	150,000 00	120,000 00	133,000 00
Dividends Received.....	30,000 00		
 Totals	 \$680,000 00	 \$217,000 00	 \$291,000 00
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

The inventories at December 31, 1927, were as follows:

Cincinnati Company	\$30,000 00
Toledo Company	15,000 00
Youngstown Company	20,000 00

Provide 10% depreciation on total Plant and Machinery.

One-half of the Cincinnati inventory at December 31, 1927, represented goods purchased from the Toledo Company, which were billed at cost plus 25% and so carried as accounts receivable by the Toledo Company.

Notes Receivable of the Cincinnati Company included money advanced to Toledo and Youngstown Companies in the amounts of \$9,500.00 and \$9,000.00 respectively.

Work Sheet should show all adjustments and be turned in with statements requested.

In this particular case, Federal Income Taxes need not be considered.

THE OHIO STATE BOARD OF ACCOUNTANCY**COMMERCIAL LAW**

Examination Thursday, May 17, 1928, 1:00 P. M. to 4:00 P. M.

1. What is meant by the terms "business law" and "commercial law"? (b) What is the source of such laws?
2. Is it necessary that the terms of a contract be expressed in writing?
3. Name the five elements that are necessary for the making of any contract. (b) What is the sixth element required in some contracts? (c) Name some contracts that require this element.
4. A offers to sell to B 1000 barrels of flour of a well known brand at a certain price. B wires that he will take 500 barrel at the price named. Is A bound to fill B's order? Give reasons.
5. What is meant by the term "consideration" as applied to contracts? (b) Is it necessary that the consideration be commensurate with the value of the benefits received? Explain.
6. Name several classes of individuals whose capacity to form contracts is less than that of the ordinary person.
7. For what things has a minor the power to bind himself by contract? (b) If a minor who had entered into a voidable contract with an adult chooses, after becoming of age, to enforce the contract must the adult fulfill his part of it?
8. In cases where no special formality is required, why is a written contract preferable?
9. Can a written contract be contradicted by verbal testimony? (b) Can a person break his contract which contains terms and conditions of which he is unaware, owing to his failure to read the contract?
10. Enumerate the methods in which contracts may be discharged.
11. Under the Ohio "statutes and limitations," when are the following claims outlawed? (1) open accounts; (2)

judgments by legal proceedings; (3) a contract evidenced by a writing under seal; (4) a contract which is evidenced by an unsealed writing.

12. State what is necessary to make a promissory note or bill of exchange negotiable. (b) How are such instruments negotiated?
13. What does a person who negotiates an instrument by delivery or by a qualified indorsement warrant?
14. What are the liabilities of parties to a negotiable promissory note or bill of exchange?
15. Enumerate the methods by which the relation of principal and agent may be created.
16. What is an agent's liability for deviation from instructions of his principal?
17. Enumerate the ways in which the agency relation may be terminated.

THE OHIO STATE BOARD OF ACCOUNTANCY

CHAPTER 26

STATE BOARD OF ACCOUNTANCY

SECTION		SECTION	
1370	State Board of Accountancy.	1375	Fee for examination.
1371	Appointment and terms of members.	1376	Certificates of other states, territories or foreign nations.
1372	Organization of the board.	1377	Revocation of certificates.
1373	Certified public accountant.	1378	Compensation and expenses.
1374	Examinations.	1379	How this chapter construed.

SECTION 1370. There shall be a state board of accountancy consisting of three members not more than two of whom shall belong to the same political party. Each member of the board shall be a person skilled in the knowledge and practice of accounting and actively engaged as a professional public accountant within this state. (99 v. 332 ¶ 2.)

State Board
of Account
ancy.

SECTION 1371. Each year the governor shall appoint one member of the state board of accountancy who shall serve for a term of three years and until his successor is appointed and qualified. A vacancy in the board shall be filled by the governor by appointment for the unexpired term. (99 v. 332 ¶ 2.)

Appointment
and term of
members.

SECTION 1372. The state board of accountancy shall organize by the election of one of its members as president and one as secretary and treasurer. The secretary and treasurer shall give a bond in such sum and with such sureties as the board directs. The board shall keep a record of its proceedings. (99 v. 332 ¶ 2.)

Organization
of the board.

SECTION 1373. A citizen of the United States or a person who has duly declared his intention to become such a citizen, not less than twenty-one years of age, of good moral character, a graduate of a high-school or having received an equivalent edu-

Certified pub-
lic accountant.

cation, with at least three years' experience in the practice of accounting and who has received from the state board of accountancy as herein provided a certificate of his qualifications to practice as a public accountant shall be styled and known as a certified public accountant. No other person shall assume such title or use the abbreviation, "C. P. A.," or other words or letters to indicate that he is a certified public accountant. (99 v. 332 ¶ 1.)

Examination.

SECTION 1374. Each year, the state board of accountancy shall hold an examination for such certificate. Each applicant shall be examined in theory of accounts, practical accounting, auditing and commercial law as affecting accountancy. If three or more persons apply for certificates within not less than five months after the annual examination the board shall hold an examination for them. The time and place of each examination shall be fixed by the board. (99 v. 332 ¶ 3.)

Fee for examination.

SECTION 1375. At the time of filing the application for such examination and certificate, each applicant shall pay to the treasurer of the state board of accountancy a fee of twenty-five dollars. Such application fee shall not be refunded, but an applicant may be re-examined with the payment of an additional fee within eighteen months from the date of his application. (99 v. 332 ¶ 4.)

Certificates of other states, territories or nations.

SECTION 1376. A person who is a citizen of the United States or has declared his intention of becoming such citizen, who is at least twenty-one years of age, of good moral character, who has complied with the rules and regulations of the state board of accountancy, and who holds a valid and unrevoked certificate as a certified public accountant issued under the authority of another state or territory of the United States or the District of Columbia, or of a foreign nation, may receive from the

Board a certificate as a certified public accountant if the board is satisfied that the standards and requirement for a certificate as a certified public accountant thereof are substantially equivalent to those established by this chapter. Such person may thereafter practice in this state as a certified public accountant and assume and use the name, title and style of "certified public accountant" or any abbreviation or abbreviations thereof. (99 v. 333 ¶ 6.)

SECTION 1377. For sufficient cause the state board of accountancy may revoke a certificate issued under this chapter if a written notice has been mailed to the holder thereof at his last know address at least twenty days before hearing thereon. Such notice shall state the cause of such contemplated action and appoint a time for hearing thereon by the board. No certificate issued under this chapter shall be revoked until after such hearing. (99 v. 333 ¶ 7.)

Revocation of
Certificates.

SECTION 1378. From fees collected under this chapter the board shall pay the expenses incident to its examinations and the expenses of preparing and issuing certificates, and to each member of the board for the time actually expended in the performance of his duties a sum not exceeding five dollars per day and his necessary traveling expenses. In no case shall the expenses of the board or the compensation or traveling expenses of the members thereof be a charge against any fund of the state. (99 v. 333 ¶ 4.)

Compensation
and expenses.

SECTION 1379. Nothing contained in this chapter shall be construed so as to prevent any person from being employed within this state as a public accountant. (99 v. 334 ¶ 9.)

How this
chapter
construed.

CHAPTER 16**FRAUDS**

SECTION 13176. Whoever represents himself as having received from the state board of accountancy a certificate of his qualifications to practice as a public expert accountant as provided by law, or practices as a certified public accountant or uses the abbreviations "C. P. A." or other similar words or letters to indicate that he is qualified to practice in this state as a certified public accountant, without having received such certificate as provided by law, or having had such certificate revoked as provided by law, continued to practice as a public accountant, shall be fined not less than ten dollars nor more than one hundred dollars for each offense. (99 v. 333 ¶ 8.)

Unlawfully
practicing as
certified public
accountant.