

11-1911

C. P. A. Question Department

Leo Greendlinger

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Recommended Citation

Greendlinger, Leo (1911) "C. P. A. Question Department," *Journal of Accountancy*. Vol. 12: Iss. 7, Article 10.

Available at: <https://egrove.olemiss.edu/jofa/vol12/iss7/10>

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C. P. A. Question Department

Conducted by LEO GREENBLINGER, M.C.S., C.P.A.

Criticism and exchange of ideas will clear many a doubt and at the same time improve shortcomings. To solve, compare and criticize C. P. A. examinations, is the object of this department. With the aid of suggestions and criticism from the professional brethren, it can undoubtedly be achieved. Inquiries will be cheerfully answered.

Following are the questions set by the Virginia State Board of Accountancy at the second C.P.A. examination October, 1911, with comments:

VIRGINIA STATE BOARD OF ACCOUNTANCY

EXAMINATION IN COMMERCIAL LAW

October 18, 1911—9.00 A.M. to 12.30 P.M.

Answer ten (10) questions, but no more. Do not repeat questions, but write answers only, designating the questions by number.

1. A purchases of B a lot and gives his negotiable note for \$5,000, part of the purchase price. Before maturity of the note, B borrows of X National Bank \$3,000, and deposits A's note as collateral security, without A's knowledge. A pays to B the \$5,000 he owes, but B fails to repay to the Bank the \$3,000 when due, B having become insolvent. What is A's liability to the Bank?

2. A tells B that he wishes to give him \$5,000, and hands him his negotiable note for the amount, payable six months after date. A fails to pay the note when due. State whether or not B can recover the amount. If B had endorsed it and had it discounted before maturity at the X National Bank, could the Bank have recovered the amount of A, after non-payment at maturity? Give reasons.

3. A, a merchant, gives B a deed of trust on his fixtures to secure a debt of \$5,000, on January 1, 1911. On July 1, 1911, A makes an assignment of his stock of goods and fixtures to C, trustee, for the benefit of his creditors. A's liabilities aggregate \$20,000, exclusive of B's debt, while his stock inventories \$10,000 and his fixtures \$3,000. C sells the stock and fixtures at 60 per cent of inventory, and, after paying all costs and expenses, the sum of \$7,000 is left for distribution. What amount is payable to B and what to the other creditors?

4. How and under what circumstances may a wholesale merchant stop a shipment of goods sold to a retail merchant before delivery thereof to the purchaser, so as to prevent such delivery? What is the legal term used to designate such action?

5. A is a dealer in wheat, of which he has several grades. B calls and inspects his stock, and, deciding to buy all the X grade at a desig-

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nated price, pays A \$5,000, the price ascertained by measuring, but says he will move it the next day. C calls and leaves an order for 1,000 bushels of Y grade wheat at \$1.00 per bushel, to be delivered in ten days, and deposits \$500 on his contract. A has 3,000 bushels of that grade in bulk. That afternoon D, a creditor to whom A owes \$10,000, levies an execution on all the wheat in A's possession, which inventories only \$9,000. What are the rights of B, C, and D, respectively?

6. The firm of A & Company (composed of A and B) is engaged in the lumber business. Without B's knowledge A buys, through a broker, American Tobacco Company stock, signing the firm's name to the contract. The stock declines and is sold at a loss. To what extent, if any, is the firm liable for that loss, and to what extent, if any, is B liable?

7. B holds A's negotiable note for \$5,000 dated January 1, 1905, and due January 1, 1906. It is not paid at maturity, and on July 1, 1910, B brings suit on the note. State whether or not recovery is barred by the statute of limitations.

8. B holds A's negotiable note for \$5,000 dated January 1, 1905, due January 1, 1906. Failing to pay the note at maturity, A makes a partial payment of \$2,000 on March 1, 1911, and says to B: "I owe the balance and will pay it in sixty days." State whether or not the statute of limitations would bar a recovery in a suit brought by B on the note on May 1, 1911.

9. Distinguish briefly between the legal form and effect of powers of attorney in the cases following, respectively:

1. To an agent to sell and convey a tract of land;
2. To an agent to conduct a mercantile business.

10. Distinguish between the following stocks issued by a corporation and state their order of preference, if any, in respect of periodical dividends; and, in case of liquidation, their order of preference in payment:

1. Cumulative preferred stock;
2. Non-cumulative preferred stock;
3. Common stock.

11. A corporation is to be voluntarily dissolved. Describe the necessary steps to accomplish this, without reference to its creditors:

1. By action of the stockholders in annual meeting;
2. By action of the stockholders in called meeting;
3. Without a meeting of stockholders.

12. Under the Virginia law, how many incorporators are required to apply for charters for the following classes of corporations, respectively:

1. Manufacturing and commercial corporations;
2. Telegraph and telephone corporations;
3. Railroad corporations;
4. Corporations requiring no capital stock.

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13. A, B, and C wish to organize a corporation to have a paid-in capital of \$100,000, for the purpose of developing and operating a water power for furnishing electricity for lighting and power. A owns the water power site, worth \$30,000, in exchange for which he wishes stock of that amount; B, an engineer, has investigated and tested the power and is to superintend the construction of the plant, for all of which services A and C are willing for him to receive stock at a valuation of \$20,000; while C is to pay cash for \$50,000 of stock at par value.

Describe how this may be done, if at all, and what, if anything, is to be reported to the State Corporation Commission.

14. Name three of the classes of contracts which, under the statute of frauds, cannot be enforced unless in writing.

15. A, the owner of an apartment house, dies intestate, July 10, 1911, leaving no widow, but a minor child and two minor grandchildren, children of a deceased son, and leaving enough personal property to pay his debts. Rents aggregating \$1,000 were due by tenants at the time of his death, and rents aggregating \$300 per month fell due thereafter. To whom does the apartment house descend and in what proportions? What rents, if any, is A's administrator entitled to collect; and, if he should not collect any part of the rents, who should do so?

EXAMINATION IN THEORY OF ACCOUNTS

Answer fourteen (14) questions, but no more. Questions 5 or 7 elective, balance obligatory. Do not repeat the questions, but designate by respective numbers. Your mark will be based on one-half of total points, shown opposite each question, for correct answers, to which will be added such as you may obtain of a maximum 25 points for "form, expression and knowledge evidenced of the principles involved."

- 1—Name any business with which you are familiar and state how you would instruct your client to charge interest on:
- | | POINTS |
|--|--------|
| (a) Money borrowed to build additions to the plant | 5 |
| (b) Money borrowed to pay current bills | 5 |
- 2—Following up your answers to the above, what effect will such instructions have on the annual Statement of Operation and the Condensed Balance Sheet in the respective case of:
- | | |
|-----------|---|
| (a) | 5 |
| (b) | 5 |
- 3—What, if any, is the difference between the Income and Receipts of a business?
- | | |
|-------|---|
| | 5 |
|-------|---|
- 4—What, if any, is the difference between Expenses and Disbursements?
- | | |
|-------|---|
| | 5 |
|-------|---|

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5— (a) How would you arrange the following accounts in the Condensed Balance Sheet of the E and F Corporation?

E and F Corp. First Mortgage Bonds issued;
Funds advanced for traveling expenses;
Addition to Mill No. 7, Plant No. 1;
Advances to employees on current payroll;
Real Estate, Buildings and Equipment, Plant No. 2;
E and F Corp. Bonds Unsold;
Furniture and Fixtures, Plant No. 1;
Accounts Payable, secured by a lien on machinery;
Accounts Payable, Sundry unsecured creditors;
Box and Veneer Plant, Plant No. 1;
Store and Office Fixtures, Plant No. 2;
Sawmill and Dry Kilns, Plant No. 3;
Electric Plant, Plant No. 1;
Furniture and Fixtures, N. Y. office;
Notes Payable, secured;
Customers' Accounts, receivable;
Depreciation Reserve Account;
Logs, Boxes and Veneer, Plant No. 1;
Interest paid in advance;
Wharves and Warehouses, Plant No. 3;
Freight Unpaid;
Capital Stock, E and F Corp.;
Notes Receivable;
Real Estate, Plant No. 1;
Undivided Profits;
Notes Payable;
Boxes, Lumber, etc., Plant No. 2;
Lumberman's Marine Insurance Co., Stock;
Sinking Fund Invested;
A. C. L. R. R. Co., Bonds;
Timber Lands and Stumpage;
Cash, Plant No. 1;
Teams and Carts;
Lumber and Logs, Plant No. 3;
Cash, Plant No. 3;
Cash, Plant No. 2;
Insurance Premiums Unearned;
Dividends Unpaid;
Surplus;
Real Estate, Plant No. 3;
Cash, N. Y. office;
N. & W. R. R. Co., Bonds;
Current Profits;
Pay-rolls, Due and Unpaid 20

(b) State your reason for the arrangement you have made in answer to the above questions 15

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(c) Which items would you designate as Current or Quick Assets?	5
6— (a) What may the placing of an item on the debit side of a ledger account represent?	10
(b) What may the placing of an item on the credit side of a ledger account represent?	10
7—In looking over the accounts of a firm you find that practically all of their Accounts Receivable had been paid, a large part of the settlements being by customer's notes. The Bills Receivable Account was in balance but reference to the Bills Receivable Record showed that about \$27,000 was being carried by the banks on this company's endorsement. You suggested to the proprietor that his books should at all times state the amount of such paper not due and unpaid for which he was responsible as endorser. State fully the method you would suggest, showing all entries necessary from the first receipt of a note until it was finally paid, when:	
(a) It is paid by the maker at maturity	10
(b) It is partially paid at maturity and a new note given for the balance	10
(c) It is protested for non-payment at maturity	10
(d) It is taken up, with a new note of the same amount, with interest added, at maturity	10
8— (a) What books of record are necessary, in addition to the books of account, for a corporation existing under the laws of this State?	10
(b) Of what value would such records be at the time of an audit?	10
9— (a) What is the purpose of a depreciation account?	10
(b) Give an illustration showing the entries needed to bring it into the ledger accounts	10
10—What may Goodwill represent?	5
11—What constitutes Manufacturing Cost?	5
12—What constitutes Selling Cost?	5
13—What expenses would you classify as Fixed or Overhead Expenses?	5
14—What is a Balance Sheet?	5
15—How does it differ from a Statement of Assets and Liabilities?..	5

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EXAMINATION IN AUDITING

October 19, 1911—9 A.M. to 12.30 P.M.

Answer eight (8) questions, but no more. Questions 4 or 5 elective, balance obligatory. Do not repeat the questions, but designate by respective numbers. Your mark will be based on one-half of total points, shown opposite each question, for correct answers, to which will be added such as you may obtain of a maximum 25 points for "form, expression and knowledge evidenced of the principle involved."

1—Describe fully—	POINTS
(a) Capital Expenditure	5
(a-2) Illustrate	5
(b) Revenue Expenditure	5
(b-2) Illustrate	5
(c) Capital Receipts	5
(c-2) Illustrate	5
(d) Revenue	5
(d-2) Illustrate	5
(e) Quick or Current Assets	5
(e-2) Illustrate	5
2—What is the purpose of a Realization Account or Statement?....	5
(b) When is such necessary?	5
3—A & Co. acquire the plants of B, C, D, and E, assuming their Assets and Liabilities at book values, the purchase price being one-half of the amount shown by the surplus account of each. Without going into lengthy detail, but just considering the three items, Assets, Liabilities, and Surplus, what entries would you make to set up these accounts in the ledger of A & Co.?	5
4—If it was found, after acquiring the above plants, that large amounts had to be expended in improvements to bring the plants up to their rated efficiency:	
(a) Give a concise, but full, explanation of how you would classify such expenditures, naming the accounts you would debit and credit	5
(b) Would such expenditures have any relation to the 50 per cent equity A & Co. were supposed to have purchased?	5
(c) State your reasons for the preceding answer	10

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- 5—Describe in full the plan you would follow to audit the accounts of any business with which you are familiar, it being presumed that they use a General Ledger, Sales Ledger, Purchase Ledger, Distributive Sales Journal, Distributive Purchase Journal, Ordinary Journal and Cash Book. Funds are handled through two banks by regular form of check 20
- 6—State briefly, but clearly, the methods you employed to conduct an audit on which you have actually been engaged. 10
- 7—At what valuation should the inventory of any company be computed? 5
- (b) Explain fully 10
- 8—In computing manufacturing costs, covering a definite period of operation, should the quantity sold or the quantity produced be taken as the basis for ascertaining the average cost of each operation?..... 5
- (b) Explain 10
- (c) Illustrate your argument 15
- 9—How would you audit a cash account, assuming that all the entries were shown by the Cash Book, or by the Cash Book and Bank Pass Book, or by the Cash Book, Bank Pass Book and Check Book, when all the receipts were checks and short term notes, and all disbursements were by checks? 20

EXAMINATION IN PRACTICAL ACCOUNTING

Thursday, October 19, 1911—1.30 P.M. to 5.30 P.M.

QUESTION No. 1

The Fairfax Foundry Company, a Virginia corporation, owns and operates an iron foundry, a valve and hydrant shop and a machine shop, and also owns some undeveloped ore lands. Three-fifths of the capital stock (which is all common) is owned by A. Pluto Kratz and other capitalists, while the balance is owned by A. B. Etterman. The business was, at one time, very profitable, but the net earnings have declined steadily since 1905, until, in 1910, the result of operation showed a loss. The business during the early months of 1911 being still more unsatisfactory, overtures were made by Etterman to purchase enough additional stock to give him control, with a view to changing the management. Etterman offered \$70.00 a share for 1,000 shares, or more; but Kratz and his associates demanded \$90.00 per share.

At this point you are called in by Etterman to audit the Company's books from January 1, 1911, to September 30, 1911; to verify the cost of plant and ore properties, and to set a valuation on the accounts receivable. You find that \$2,909.95 of the latter are worthless and that, in 1905, Plant Account was inflated \$200,000 to cover an issue of watered stock. Otherwise the books correctly show the Company's condition, as follows:

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TRIAL BALANCE, SEPTEMBER 30, 1911	Dr.	Cr.
Cash	\$22,034.32	
Accounts Receivable (good)	132,413.82	
Accounts Receivable (uncollectible)	2,909.95	
Plant and Equipment	732,480.27	
Reserve for Plant Depreciation		\$123,275.00
Ore Properties	55,017.09	
Bills Payable		165,652.37
Accounts Payable		40,710.29
Capital Stock		500,000.00
Surplus		272,605.18
Inventory, January 1, 1911	78,831.68	
Foundry Sales		507,985.84
Valve and Hydrant Sales		77,534.65
Machine Shop Sales		56,385.11
Foundry Material and Freight	396,413.57	
Valve and Hydrant Material and Freight	63,326.87	
Machine Shop Material and Freight	16,779.95	
Foundry Labor	102,139.37	
Valve and Hydrant Labor	12,826.21	
Machine Shop Labor	26,617.36	
Foundry Expense	5,766.04	
Valve and Hydrant Expense	2,893.31	
Machine Shop Expense	1,667.26	
Foundry Commissions	2,388.05	
Valve and Hydrant Commissions	862.14	
Machine Shop Commissions	252.58	
Foundry Repairs and Renewals	32,568.23	
Valve and Hydrant Repairs and Renewals	6,067.80	
Machine Shop Repairs and Renewals	3,229.82	
General Salaries	25,376.08	
General Expense	9,672.51	
Legal Expense	693.04	
Taxes	1,957.50	
Insurance	3,195.90	
Advertising	176.15	
Interest	5,591.57	
	<u>\$1,744,148.44</u>	<u>\$1,744,148.44</u>

ANALYSIS OF INVENTORY of January 1, 1911

Foundry—Raw material and goods in process	\$29,322.11
Finished goods	17,387.52
Valve and Hydrant—Raw material and goods in process	8,690.20
Finished goods	13,839.45
Machine Shop—Raw material and goods in process	7,899.73
Finished goods	1,692.67
	<u>\$78,831.68</u>

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INVENTORIES, PREPAYMENTS AND ACCRUALS, September 30, 1911
(not yet entered)

INVENTORY: Foundry—Raw material and goods in process...	\$36,490.62
Finished goods	31,414.36
Valve and Hydrant—Raw material and goods in process	13,562.95
Finished goods	20,389.61
Machine Shop—Raw material and goods in process	9,603.82
Finished goods	1,713.65
	<u>\$113,175.01</u>
UNEXPIRED INSURANCE	\$482.68
PREPAID TAXES	\$387.60
ACCRUED WAGES: Foundry	\$3,084.26
Valve and Hydrant Shop	514.03
Machine Shop	1,542.09
	<u>\$5,140.38</u>
UNPAID FREIGHT: Foundry	\$256.78
Valve and Hydrant Shop	28.25
Machine Shop	9.45
	<u>\$294.48</u>

Prepare Manufacturing, Trading, and Profit & Loss Accounts for the nine months ended September 30, 1911, and Balance Sheet showing the Company's condition (based on Ledger value of plant) at that date. Embody them in a report to your client, with such explanation and comment as you think proper.

A few days after the submission of your report, a compromise is effected on the following basis:

Kratz, et al, sell their \$300,000 common stock at 90, taking in exchange therefor:

\$200,000 new 6 per cent preferred stock, at par	\$200,000.00
The Company's ore lands at a valuation of	60,000.00
Cash	10,000.00
	<u>\$270,000.00</u>
Etterman buys \$100,000 common stock, at 70	\$70,000.00
The Company receives cash	\$60,000.00
For ore lands carried at	55,017.09
Realizing a profit of	<u>\$4,982.91</u>

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The Company's counsel directs that the deal be consummated in the following manner:

Kratz, et al, to deliver to the Company \$200,000 common stock (to be retired) in exchange for \$200,000 new six per cent preferred stock.

Etterman to pay the Company \$60,000, in return for which the Company will issue to Kratz, et al, a deed for the ore lands.

Etterman to pay Kratz, et al, \$10,000 and receive from them the remaining \$100,000 of their common stock.

Draft the Journal and Cash Book entries necessary to record such of the above transaction as should appear in the books of account.

QUESTION No. 2

The stockholders of A Company and B Company have decided to form a new corporation (C Company), which is to take over all the assets and assume all the liabilities of both the old companies. The holders of Preferred Stock of the old companies are to receive an equal number of shares of Preferred Stock of the new company. The holders of Common Stock are to take Common Stock of the new company, at par, to an amount equal to the book value of their holdings in the old companies. Before determining the book value of the old Common Stock, however, an amount equal to two per cent of the Accounts and Bills Receivable of each company is to be deducted from its Surplus and carried to a Reserve Account, to provide for contingent losses.

The condition of the old companies is as follows:

ASSETS		
	A Co.	B Co.
Cash	\$20,231.74	\$43,123.81
Accounts Receivable	296,059.14	759,911.06
Bills Receivable	8,245.08	35,342.09
Merchandise Inventory	212,636.81	393,937.46
Land and Buildings	42,689.42	174,156.97
Machinery	31,222.97	69,160.35
Furniture and Fixtures	2,500.00	5,000.00
Investments	8,000.00	4,550.00
Prepaid Taxes and Insurance	1,014.20	2,346.48
	<u>\$622,599.36</u>	<u>\$1,487,528.22</u>
LIABILITIES		
Accounts Payable	\$204,669.18	\$244,168.44
Bills Payable	86,844.10	227,454.72
Preferred Stock	100,000.00	200,000.00
Common Stock	150,000.00	400,000.00
Surplus	81,086.08	415,905.06
	<u>\$622,599.36</u>	<u>\$1,487,528.22</u>

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The holders of Common Stock in the old companies are as follows:

	A Co.	B Co.
Smith	400 shs.	1,200 shs.
Jones	300 shs.	
Brown	150 shs.	
Black	50 shs.	2,000 shs.
White	600 shs.	
Green		500 shs.
Henry		300 shs.
	<u>1,500 shs.</u>	<u>4,000 shs.</u>

Draft the Journal entries necessary to create the Reserve Accounts in the books of each of the old companies.

Show the final book value of Common Stock of each of the old companies.

Show the number of shares of Common Stock of the new company to be received by each of the holders of Common Stock of the old companies.

Prepare a Balance Sheet, showing condition of C Company, after taking over the assets and liabilities of the old companies.

QUESTION No. 3

On January 1, 1911, the condition of the Goodrich Manufacturing Company was as follows:

ASSETS

Cash	\$7,962.42	
Accounts Receivable	81,249.52	
Bills Receivable	6,244.73	
Merchandise Inventory	55,811.88	
Machinery	14,551.21	
Furniture and Fixtures	2,168.75	
Unexpired Insurance	411.21	
	<u>\$168,399.72</u>	

LIABILITIES

Accounts Payable	\$48,343.90	
Bills Payable	30,000.00	\$78,343.90
Capital Stock	\$60,000.00	
Surplus	30,055.82	90,055.82
	<u>\$168,399.72</u>	

On the night of January 27, 1911, they were burned out. The merchandise, furniture and fixtures were a total loss, and the salvage in the machinery was valued at \$1,000.

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Their Ledger, at the close of business on January 27, 1911, showed the following balances:

	Dr.	Cr.
Capital Stock		\$60,000.00
Surplus		30,055.82
Cash	\$6,182.49	
Accounts Receivable	70,870.36	
Bills Receivable	7,874.48	
Accounts Payable		46,504.56
Bills Payable		25,000.00
Machinery	14,701.21	
Furniture and Fixtures	2,208.75	
Inventory, January 1, 1911	55,811.88	
Dividends	6,000.00	
Sales		26,161.87
Merchandise Purchases	14,080.43	
Labor	5,996.17	
Power, Light, and Heat	342.72	
Factory Expense	742.55	
Office Salaries	1,650.00	
Office Expenses	98.62	
Selling Expenses	751.38	
Insurance	411.21	
	\$187,722.25	\$187,722.25

The books show that ten per cent has been written off from Machinery and Furniture & Fixtures on December 31st of each year, since the business was started; also, that the Gross Profit on Sales has been very uniform and has averaged twenty per cent.

The insurance carried, covering Merchandise, Machinery, Furniture and Fixtures, was \$70,000.

Prepare a statement showing the amount of the Goodrich Manufacturing Company's claim against the insurance company, assuming that the former retains the damaged machinery at the appraised value of \$4,000.

EXAMINATION IN PRACTICAL ACCOUNTING

Friday, October 20, 1911—9 A.M. to 12.30 P.M.

QUESTION No. 4

Charles Cabell, William West, and Henry Hart form a partnership for the purpose of engaging in the manufacture of plug and smoking tobaccos. Cabell invests \$75,000, West, \$50,000, and Hart, \$25,000. Profits or losses are to be shared as follows: Cabell $\frac{1}{3}$, West $\frac{1}{3}$, and Hart $\frac{1}{3}$. Interest is not to be allowed on capital, nor charged on withdrawals, but each partner's withdrawals during any one year are not to exceed one-tenth of his capital in the business.

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At the end of their first fiscal year their Ledger shows the following balances:

	Dr.	Cr.
Charles Cabell, Capital Account		\$75,000.00
William West, Capital Account		50,000.00
Henry Hart, Capital Account		25,000.00
Charles Cabell, Withdrawal Account	\$5,842.17	
William West, Withdrawal Account	4,179.16	
Henry Hart, Withdrawal Account	2,033.88	
Land and Buildings	25,000.00	
Machinery	11,026.92	
Furniture and Fixtures	1,866.13	
Cash	8,730.45	
Accounts Receivable	131,244.49	
Bills Receivable	4,999.97	
Accounts Payable		6,138.16
Bills Payable		118,060.62
Sales—Plug Tobacco		249,472.43
" Smoking Tobacco		61,882.25
" Stems		841.95
Leaf Tobacco	200,044.57	
Licorice and Flavoring	21,918.66	
Boxes	8,572.10	
Labor	25,182.47	
Stamps	48,476.24	
Power, Light and Heat	3,571.60	
Factory Expense	7,380.55	
Hauling	1,451.30	
Salaries	12,443.71	
Office Expense	4,228.87	
Insurance	1,682.90	
Interest and Discount	9,164.47	
Postage	1,211.97	
Attorneys' Fees	769.25	
Salesmen's Salaries, Commissions, etc.	38,795.15	
Advertising	5,149.09	
Lost Accounts	1,429.34	
	\$586,395.41	\$586,395.41

Ten per cent is to be charged off from Machinery Account, to cover depreciation, and a Reserve equal to two per cent of the Accounts and Bills Receivable, is to be created, to cover possible undeveloped losses.

The unexpired Insurance premiums amount to \$331.11.

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Inventories are as follows:

Finished Goods	\$38,189.42
Goods in Process	11,209.35
Leaf Tobacco	49,128.98
Licorice and Flavoring	1,511.68
Boxes	1,073.04
Stems	43.31

Draft Journal entries for closing the books (separating Profit & Loss Account into Manufacturing, Trading, and Profit & Loss divisions) and prepare Balance Sheet.

QUESTION No. 5

Henry Dearborn died, leaving one daughter (Virginia) and two sons (Robert and Thomas), all of whom are of age. The will directs that the estate be distributed in equal shares. The estate consisted of:

Cash in bank	\$3,000.00
\$10,000 Southern Ry. 4s, appraised at	10,000.00
\$5,000 Pennsylvania R. R. 3½s, appraised at	4,800.00
Furniture, appraised at	800.00
Horse, Carriage and Harness, appraised at	500.00

The executor has disposed of the above as follows:

Southern 4s, sold for	\$10,500.00
P. R. R. 3½s, sold for	4,750.00
Furniture, sold for	1,050.00
Horse, Carriage and Harness, sold for	375.00

Interest has been collected:

On Southern Ry. Bonds	\$450.00
On Pennsylvania R. R. Bonds	87.50
On bank balances	72.00

The executor has paid:

Funeral expenses	\$500.00
Decedent's debts	800.00
Counsel fees, etc.	325.00
Safe deposit box rent	10.00
Virginia Dearborn, account distribution	1,000.00
Robert Dearborn, account distribution	1,000.00
Thomas Dearborn, account distribution	1,000.00

State executor's first and final account, with distribution account attached.

COMMENTS

This is the second examination held in the State of Virginia since the passage of C. P. A. Law. If contrasted with the Massachusetts examination papers, also the second one since the enactment of the Massachusetts C. P. A. Law, April, 1911, number of THE JOURNAL OF ACCOUNT-

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ANCY) the lack of uniformity with regard to time allowance, number of questions, etc., is brought forth strikingly. The Virginia State Board, however, sets a higher standard and judging from the two examination papers set by that Board, we are inclined to believe that the Virginia examinations will soon rank as high as those of the states having C. P. A. Laws for some time past.

We especially notice that the candidates are told in advance (in the case of Theory and Auditing) how many "points" will be allowed for the correct answer to each question.

We do not, on the other hand, think it advisable to ask fourteen questions in one subject, eight in a second and ten in a third one; especially so when, in some instances two or three questions should rather be combined into one. For instance, under Theory of Accounts, questions 11, 12 and 13 could very well have appeared as one. The same holds true in the case of questions 3 and 4 as well as that of 14 and 15.

The problems in Practical Accounting are interesting and, what is most important, they deal with everyday propositions. They do not represent abstract theories, but live practical matter.

The paper on Auditing, however, could be improved upon somewhat by giving more matter on auditing proper and fewer questions on definitions or descriptions, that will undoubtedly be improved as time goes by.

The results of this examination are as follows:

- One applicant passed in all four subjects.
- One failed in Practical Accounting.
- One failed in Auditing.
- One failed in Auditing, Commercial Law and Practical Accounting.
- One applicant who came up for re-examination in Practical Accounting passed.

The Editor of this department begs to announce that, with this number of THE JOURNAL he will, owing to the pressure of business, discontinue to act in this capacity, with the hope that some other accountant will take up his work. Taking leave of his readers, he takes this opportunity to reiterate his frequently repeated assertion that he has always tried to be fair and just in his criticism and, though in some instances he may have appeared to use a somewhat harsh expression, it was done solely for the good of the cause, and not in any unfriendly spirit. He also offers his apology to the readers for the inconvenience he may have caused them through delays in answering their inquiries, and through errors, typographical and others, and the like; he hopes, nevertheless, that the many friends he has made in the four and a half years, during which he had charge of this department, will remain as loyal to him in the future as in the past.