

8.—A has assets, cash, \$400 ; merchandise, \$1,500 ; plant and machinery, \$5,000 ; real estate, \$2,100 ; book debts, \$1,900 ; liabilities, \$4,500 ; capital, \$6,400.

B has assets, cash, \$200 ; book debts \$4,300 ; merchandise, \$5,000 ; bills receivable, \$1,000 ; plant and machinery, \$2,500 ; liabilities, \$6,600 ; capital, \$6,400.

From the above indicate which party is in the most favorable position and give reasons.

9—(a) In what respects does the treatment of the Capital, and Profit and Loss accounts of a joint-stock company differ from that of the like accounts of a commercial business ?

(b) Under what circumstances would Expense be an asset ?

10.—On January 2nd, 1893, A became indebted to B in the sum of \$1,000, for which amount he gave his Promissory Note, payable three months after date at the Dominion Bank, Toronto.

On February 2nd, 1893, B obtained a discount of this note.

On March 2nd, 1893, B endorsed an accommodation note made by A in favor of C for \$1,000, payable three months after date at Canadian Bank of Commerce, Toronto. Neither of these notes are provided for by the makers, consequently B has to pay both of them at maturity.

On June 2nd, 1863, A paid B \$500, and on the same date C paid B \$600 on the joint account of A and C.

A new note was given on June 2nd, 1893, by A and C, jointly and severally for \$900, and accumulated interest on previous notes. This note is payable on demand.

Candidate is not required to calculate the interest, but may state nominal amounts in all cases. This example being for the definition of methods only.

The candidate is to show the entries to be made on the Journal and Cash Book of B, so that the proper records may be kept by B without confounding these transactions with B's own bills payable.

Clearness of record without undue verbosity is the desideratum.

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FINAL EXAMINATIONS, MAY, 1894.

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**MERCANTILE LAW AND ARBITRATION.**

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TIME—3 HOURS.

- 1.—State shortly the difference between a Bill of Exchange, a Cheque and a Promissory Note, with a special reference to the steps necessary for enforcing payment of each, respectively.
- 2.—What is the principle of law known as the appropriation of payments ? In what cases is this principle not applicable ?