

allowed a salary of \$60 per month. At the end of 15 months the books stand as follows:—Mdse. bought, \$6,200; Sales, \$7,300; Rent paid for 12 mos.; Salary paid in full; Expenses paid, \$200; Accounts Receivable, \$475; Bills Receivable, \$215; Accounts Payable, \$450; Cash paid to the father, \$300. Find the cash on hand, the profit or loss and the present state of the business. (Mdse. on Hand, \$2,500.)

(24) Explain fully the method of dealing with Inventories when making up the statements and closing the Ledger. Why are they brought below the ruling when closing the Ledger, and why are losses and gains not treated in a similar manner?

(25) Explain fully what items of interest or discount will appear on each side of the Interest and Discount Account. How would you deal with Interest amounts due, either by you or to you, when closing the Ledger? Why is it necessary to consider these amounts at all?

(26) (a) A is admitted as an equal partner with you by paying into the business \$2,000 cash. Your present capital is \$1,800. Give the Journal Entry to adjust.

(b) A and B are equal partners. B was erroneously charged with \$50 that he had spent on the business of the firm. Give the Journal Entry to adjust, using the partner accounts only.

(27) Give cross-entries to correct the following mistakes:—

(a) You paid a note of \$350 and interest due \$18. By mistake you debited Bills Receivable for the whole amount.

(b) By agreement you prepay for Jno. Jones freight on all goods purchased from you. By mistake one item for \$25 was passed through the freight account instead of Jones' account.

(28) Explain how the following mistakes would affect (1) the Profit or Loss and (2) the Balance Sheet:

(a) The mistakes referred to in Question 27.

(b) A cash sale of \$100 was posted to a personal account instead of to the mdse. account.

(c) A sum of \$30 paid for freight was posted to the debit side of a personal account.

(29) How would you provide for the following in making up your yearly statements:

(a) Depreciation of machinery, plant, fixtures, etc.

(b) Wages unpaid.

(c) Interest accrued.

(d) Reserve for bad or doubtful debts.

(e) All other inventories.

(30) Jas. King of Toronto owes you \$500, due in 60 days from the present date. You owe H. P. Eckardt & Co. of Toronto \$350, due in 30 days from date. How can you settle your debt to H. P. Eckardt & Co. by drawing on King? Explain fully and give all the necessary Journal Entries in your own books to adjust the matter.