

The University of the State of New York

REGENTS HIGH SCHOOL EXAMINATION

BOOKKEEPING II

Wednesday, January 27, 1960 — 9:15 a.m. to 12:15 p.m., only

Name of pupil.....Name of school.....

The entire question paper should be handed in at the close of the examination.

Part I

Answer both questions in this part.

1 Answer *a, b, c* and *d*:

a Use the following *four* journals with special columns as indicated:

General Journal: *Debit side* — Accounts Payable, General Ledger
Credit side — General Ledger, Accounts Receivable

Purchase Journal:

Cash Receipts Journal: General Ledger, Cash Sales, Accounts Receivable, Sales Discount,
Net Cash

Cash Payments Journal: General Ledger, Freight In, Accounts Payable, Purchase Dis-
count, Net Cash

Ralph Gibson and Sidney Coleman are partners in a wholesale electrical supply business in Syracuse, New York. On October 1, 1959, the business had a bank balance of \$6,805.

Record the bank balance in the cashbook. Make, with sufficient explanations, entries for the following selected transactions, checking all items that should not be posted separately:

- October 1 Bought from the Baker Lighting Fixture Co., Albany, N.Y., merchandise invoiced at \$758.50, terms $\frac{2}{10}$, $\frac{N}{30}$.
- October 3 We received a credit memorandum from the Baker Lighting Fixture Co. for \$65 as an allowance on the shipment of October 1. We had reported that one of the packages contained defective fixtures.
- October 5 Sent a check to the Office Machine Rental Co. for \$45 for the use of a calculator for the month of October.
- October 8 Received a check for \$250.40 from Charles Walsh, one of our customers, in settlement of the invoice of September 28, \$230, less the cash discount of 2% and plus the freight charge of \$25 which we prepaid.

- October 9 Purchased from the Globe Fixture Co., Rochester, N.Y., merchandise invoiced at \$420.45, terms $\frac{2}{10}$, $\frac{N}{30}$.
- October 10 Sent a check to the Baker Lighting Fixture Co. in payment of the invoice of October 1, less the return of the 3d and less the 2% cash discount.
- October 13 The Globe Fixture Co. notified us that they had prepaid the freight on the shipment of the 9th and charged the amount, \$38, to our account.
- October 16 Sold to Frank Silver, one of our employees, for cash, merchandise marked to sell for \$90. It is our policy to sell to employees at cost, which is $33\frac{1}{3}\%$ below the marked price.
- October 17 Received a 60-day, 6% interest-bearing note for \$750 from our customer, Barlowe Building Co., in settlement of the invoice of September 17.
- October 19 Sent the Union Transport Co. a check for \$62 in payment of trucking charges on merchandise as follows: shipments to our customers, \$30.50; shipments received, \$31.50.
- October 20 Drew a check for \$365 to cover the real estate taxes on the home of one of the partners, Sidney Coleman.
- October 22 We discovered that we made an error last month in making an entry for the sale of lighting fixtures to Martin Green Co. for \$124. We debited Green Construction Co. by mistake. Make the necessary correction entry.
- October 26 Received from the Sun Lighting Co., Amsterdam, N.Y., a shipment of merchandise amounting to \$912.45, terms $\frac{2}{10}$, $\frac{N}{30}$.
- October 28 Discounted at the Public National Bank our 60-day note for \$5,000 dated today, and received credit for the net proceeds, \$4,950.
- October 30 An examination of the cash register revealed that cash in the drawer was short by \$6.40.
- Close and summarize *all* journals. Use the method that you have been taught. [5]
- b* Assume that you are in charge of the Accounts Payable Ledger. Post to the creditor accounts in that ledger from the Purchase Journal, the General Journal and the Cash Payments Journal. Show all dates and folio numbers. [Do *not* post to the General Ledger. Do *not* post to the Accounts Receivable Ledger.] [5]
- c* Prepare a schedule of the Accounts Payable Ledger as of October 31, 1959. [3]
- d* What is the bank balance on October 31, 1959? [Indicate this balance in the Cash Receipts Journal, using the method that you have been taught.] [2]

- 2 From the following trial balance and additional information, prepare the profit and loss statement. The profit and loss statement for the preceding period is given on the next page. You may use this as a guide in preparing the current profit and loss statement. [15]

DAWSON MILLS, INC.

Trial Balance

December 31, 1959

Cash	\$ 18,710	.....
Notes Receivable	11,500	.....
Accounts Receivable	46,100	.....
Reserve for Bad Debts		\$ 510
Merchandise Inventory January 1, 1959	52,425	.....
Store Fixtures	12,200	.....
Reserve for Depreciation of Store Fixtures		2,750
Notes Payable		2,890
Accounts Payable		29,450
Withholding Taxes Payable — Federal		1,210
Withholding Taxes Payable — State		141
F.I.C.A. Taxes Payable		112
Capital Stock		60,000
Surplus, January 1, 1959		3,280
Sales Income		240,915
Sales Returns and Allowances	2,935	.....
Merchandise Purchases	113,290	.....
Purchase Returns and Allowances		1,336
Freight Inward	6,410	.....
Office Supplies	859	.....
Rent	6,000	.....
Insurance	790	.....
Advertising	1,298	.....
Salaries	60,900	.....
Rental of Office Equipment	1,730	.....
Delivery Expense	1,190	.....
F.I.C.A. Taxes	1,680	.....
State Unemployment Insurance Taxes	1,350	.....
Miscellaneous Taxes	2,210	.....
General Expense	694	.....
Sales Discount	4,129	.....
Interest Cost	184	.....
Purchase Discount		3,990
	<u>\$346,584</u>	<u>\$346,584</u>

Additional Information, December 31, 1959

Merchandise Inventory, December 31, 1959	\$ 30,190
Office Supplies Inventory	140
Insurance Prepaid	135
Accrued Interest on Notes Payable	15
F.I.C.A. Taxes Payable (employer's obligation)	110
State Unemployment Insurance Taxes Payable	450
Federal Unemployment Taxes Payable	203
Depreciation of Store Fixtures 10% of cost .....	.....
Additional Allowance for Bad Debts	400

BOOKKEEPING II — *continued*

DAWSON MILLS, INC.
 Statement of Profit and Loss
 For the Year Ending December 31, 1958

Income from Sales		
Sales Income		\$210,820
Less Sales Returns and Allowances		2,610
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Net Sales		\$208,210
Cost of Goods Sold		
Merchandise Inventory January 1, 1958		46,190
Merchandise Purchases	\$108,901	
Add Freight Inward	5,980	
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Total Purchases	114,881	
Less Purchase Returns and Allowances	1,041	
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Net Purchases		113,840
Total Cost of Goods for Sale		160,030
Less Merchandise Inventory December 31, 1958		52,425
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Cost of Goods Sold		107,605
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Gross Profit		100,605
Operating Expenses		
Office Supplies	689	
Rent	6,000	
Insurance	605	
Advertising	1,410	
Salaries	58,932	
Rental of Office Equipment	1,430	
Delivery Expense	935	
F.I.C.A. Taxes	1,320	
State Unemployment Insurance Tax	1,690	
Federal Unemployment Insurance Tax	200	
Miscellaneous Taxes	1,774	
General Expense	540	
Sales Discount	3,970	
Interest Cost	145	
Depreciation of Store Fixtures	1,140	
Bad Debts	350	
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Total Operating Expenses		81,330
Other Income		
Purchase Discount		3,210
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Net Operating Expenses		78,120
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Net Profit		\$ 22,485
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Part II

Answer either question 3 or question 4.

3 Answer all parts of this question.

a Following is a list of some of the accounts in a general ledger. Using these account titles *only*, make journal entries in two-column form for the transactions shown below. [Omit dates and explanations.]

Cash	Withholding Taxes Payable — Federal
State Disability Benefits	State Disability Benefits Payable
F.I.C.A. Taxes	F.I.C.A. Taxes Payable
State Unemployment Insurance Taxes	State Unemployment Insurance Taxes Payable
Federal Unemployment Insurance Taxes	Federal Unemployment Insurance Taxes Payable
Salaries	Withholding Taxes Payable — State

- (1) Drew a check to meet the weekly payroll. The total earnings of employees were \$640, the federal withholding taxes were \$68, the State withholding taxes were \$12.80, the F.I.C.A. taxes were \$16 and the State disability benefits deductions were \$2. [4]
 - (2) Drew a check in favor of the federal depository to cover the payroll taxes for the previous month: federal withholding taxes \$340, F.I.C.A. taxes deducted from employees \$80 and employer's contributions toward F.I.C.A. tax \$80. [2]
 - (3) Drew a check for \$230 to the New York State Unemployment Insurance Fund in payment of unemployment insurance taxes for the previous quarter. [2]
 - (4) Made the adjusting entry at the end of the business year to record the accrual for federal unemployment taxes, \$85. [2]
- b What is the amount of the New York State Disability Benefits deduction for *each* of the following employees? [The rate of deduction is $\frac{1}{2}$ of 1% of weekly wages, with a maximum deduction of 30¢.] [2]

<u>EMPLOYEE</u>	<u>WEEKLY WAGE</u>	<u>DISABILITY BENEFITS DEDUCTION</u>
Ann Richards	\$56	\$?
Helen Winston	80	\$?

- c What is the purpose of the New York State Disability Benefits Law? [1]
- d Can an employee collect unemployment insurance and disability benefits from New York State for the same period of time? Why? [2]

4 Answer all parts of this question.

a On November 30, 1959, the bank statement of A. Herbert showed a balance of \$2,619. The checkbook balance amounted to \$2,255. A reconciliation revealed that

- (1) the outstanding checks amounted to \$670
- (2) a deposit of \$300 mailed to the bank on the last day of the month did not appear on the bank statement
- (3) there was a service charge by the bank of \$6

If Mr. Herbert decides to close his account at the bank on December 1, 1959, what should be the amount of the check drawn? [4]

- b What account should be debited and what account should be credited to record the bank service charge of \$6? [2]
- c How does the drawer stop payment on a check? [1]
- d What should the drawer do with a certified check if he decides not to give the check to the payee? [2]
- e Why should canceled checks returned by a bank be kept for several years? [2]
- f How does the bookkeeper determine which checks are outstanding? [2]
- g What procedure does the bookkeeper follow in preparing the daily proof of cash? [2]

Part III

Answer either question 5 or question 6.

5 Answer all parts of this question.

a Write the *three* transactions that gave rise to the entries in Joseph Monroe's account shown below. [3]

JOSEPH MONROE

1959 Sept.	7		GJ	5	60.00	1959 Sept.	5	² / ₁₀ E.O.M. Freight on above	P GJ	8 5	590.00 25.00
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- b* In which ledger will the above account be found? [1]
- c* Were the freight terms in the above account f.o.b. Shipping Point or f.o.b. Destination? Explain. [1]
- d* What is the balance of Joseph Monroe's account? [1]
- e* What is the last day on which this balance should be paid to take advantage of the cash discount? [2]
- f* What will be the amount of the check if the cash discount is taken? [2]

6 On the line at the right of *each* of the following write the word or expression that best completes the statement or answers the question. [One credit for each correct answer; no partial credit.] [10]

- a* When an order for goods, terms ^N/₃₀, is received from a new customer, the order should first be approved by the ... department. a.....
- b* On the balance sheet, Interest Payable on Mortgage is classified as a(an) ... liability. b.....
- c* The business paper from which entries in the Purchase Journal are made is the c.....
- d* Most of the credits in the customers' accounts in the Accounts Receivable Ledger are posted from the d.....
- e* What is the annual depreciation charge on a truck purchased for \$8,500, with an estimated life of 4 years and a scrap value of \$900? e.....
- f* One of the legal characteristics of a corporation is ... liability. f.....
- g* Every payment from the petty cash fund should be evidenced by a(an) g.....
- h* The ratio used to determine the ability of a business to meet its debts as they fall due is the h.....
- i* A share of the profits of a corporation that is distributed to stockholders is called a(an) i.....
- j* An employer's report of federal income tax withheld and F.I.C.A. taxes for the quarterly period ending June 30 must be filed on or before j.....