

The University of the State of New York

309TH HIGH SCHOOL EXAMINATION

BOOKKEEPING II

Wednesday, June 21, 1950 — 9.15 a. m. to 12.15 p. m., only

Write at top of first page of answer paper (a) name of school where you have studied, (b) number of weeks and recitations a week in each of the following separately: bookkeeping I, bookkeeping II.

The time requirement is four or five recitations a week for two school years.

Answer four questions, including both of the questions in part I, one question from part II and one question from part III.

Part I

Answer both questions in this part.

1 Use general journal, cashbook, sales journal and purchases journal. Columns required in the general journal are: Debit side — Notes Receivable, Accounts Payable, General Ledger; Credit side — General Ledger, Accounts Receivable, Notes Payable. Columns required in the cashbook are: on the receipts side — General Ledger, Accounts Receivable, Sales Discount, Net Cash; on the payments side — General Ledger, Accounts Payable, Purchase Discount, Net Cash.

On March 1, 1950, the firm of Breen & Johnson had a bank balance of \$1270.

Show the amount of the bank balance in the firm's cashbook. Make, with sufficient explanations, the necessary entries to record the following selected transactions, checking all entries that are not to be posted separately.

March 3 Sold to E. Foster & Sons, Callicoon, N. Y., a bill of goods for \$345.60, terms $\frac{2}{10}$, $\frac{N}{30}$.

March 4 Received from John Larson a check for \$245 in settlement of invoice of February 23 for \$250, less 2%.

March 8 Discounted at the Broome County National Bank George Bisbee's non-interest-bearing note for \$650 and received credit for the net proceeds of \$647.72.

March 9 E. Foster & Sons claimed a shortage of \$5.20 in our shipment to them of March 3. We mailed them a credit memorandum for this amount.

March 10 Purchased from the Anchor Equipment Co., Jamestown, N. Y., merchandise invoiced at \$840.30, terms $\frac{2}{10}$, $\frac{N}{30}$. Paid cash for freight amounting to \$47 on this shipment and charged it to their account.

March 17 Issued a check for \$22.90 to Conway's Express in payment for cartage as follows: on shipments of merchandise to us, \$16.50; on shipments of merchandise by us, \$6.40.

March 18 Sent check for \$776.49 to the Anchor Equipment Co. in full settlement of invoice of March 10 for \$840.30, less 2%, and less the freight charges of \$47.

March 21 Received from Robert Swift, a customer, a 60-day 5% interest-bearing note for \$384.75 in full settlement of balance of his account.

March 24 Received from the Unity Mfg. Co., Amsterdam, N. Y., a shipment of merchandise amounting to \$750.65, terms 30-day trade acceptance.

March 27 Accepted and returned to the Unity Mfg. Co. 30-day trade acceptance for \$750.65 in settlement of invoice of March 24.

March 28 William Johnson, one of the partners, made an additional investment of his station wagon, valued at \$1700. This station wagon is to be used as a delivery truck by the firm.

March 29 John Cort, Pearl River, N. Y., ordered merchandise amounting to \$42.75. We filled the order and shipped it C. O. D. via Railway Express.

March 31 Issued the firm's check for \$26.50 in payment of two drums of paint purchased for Harold Breen, one of the partners, and delivered to his home.

Close the cashbook and bring down the balance. Foot and rule the general journal, the sales journal and the purchases journal. Indicate clearly how totals are to be posted, but do not post. [50]

2 From the following trial balance and additional information, prepare a classified balance sheet. The partnership agreement provides that profits and losses are to be divided equally. [25]

CURRY AND HALL

Trial Balance, December 31, 1949

Cash	\$ 5,206	.....
Notes Receivable	3,020	.....
Accounts Receivable	8,498	.....
Reserve for Bad Debts		\$ 325
Merchandise Inventory, January 1, 1949	15,672	.....
Land	5,000	.....
Building	12,000	.....
Furniture and Fixtures	1,600	.....
Reserve for Depreciation of Furniture and Fixtures		300
Notes Payable		2,650
Accounts Payable		6,765
Mortgage Payable		4,000
Arthur Curry, Capital		15,000
Arthur Curry, Personal	3,700	.....
William Hall, Capital		10,000
William Hall, Personal	3,400	.....
Sales Income		79,265
Purchases	51,172	.....
Sales Returns and Allowances	580	.....
Purchase Returns and Allowances		398
Freight and Cartage In	479	.....
Insurance	583	.....
Taxes	840	.....
Salaries	6,000	.....
Freight and Cartage Out	630	.....
Light and Heat	865	.....
General Expense	216	.....
Rent Income		690
Interest Income		121
Sales Discount	537	.....
Interest Cost	130	.....
Purchase Discount		614
	<u>\$120,128</u>	<u>\$120,128</u>

Additional Information, December 31, 1949

Merchandise Inventory, December 31, 1949	\$10,340
Insurance Prepaid	114
Accrued interest on Notes Receivable	20
Taxes Payable	145
Depreciation of Building	330
Depreciation of Furniture and Fixtures	160
Additional allowance for bad debts	165

Part II

Answer either question 3 or question 4.

3 Write in two-column general journal form the entries to record *each* of the following. Dates and explanations are to be omitted.

- a* The bookkeeper debited the Freight Outward account for \$5.60. This charge should have been made to the account of Charles Douglas, a customer. [Assume that controlling accounts are kept.] [3]
- b* An error was made in footing the purchase journal at the end of the month. The bookkeeper posted the sum of \$11,625 from the summary entry. The correct total was \$10,625. [Assume that controlling accounts are kept.] [2]
- c* A bill for repairs to the delivery truck amounting to \$28 was debited to the Delivery Equipment account. [2]
- d* A purchase of merchandise from Henry Ryan & Co., amounting to \$175, was posted in error to the account of Ryan Bros. [2]
- e* When the books were being adjusted and closed, it was estimated that gas and electricity consumed but unpaid amounted to \$57.65. [2]
- f* When the books were being adjusted and closed, the Rent Income account contained a credit balance of \$750. Of this sum \$120 had been received in advance. [2]
- g* When the books were being adjusted and closed, interest accrued on mortgage payable amounted to \$145. [2]

4 From the information given below, write in two-column general journal form the entries to adjust and close the trading accounts on the ledger of Wheeler and Rice for the year ending December 31, 1949. Explanations may be omitted. [15]

WHEELER AND RICE

Statement of Profit and Loss for the year ended December 31, 1949

Merchandise Sales

Gross Sales	\$94,300	
Less Sales Returns and Allowances....	920	
Net Sales		\$93,380

Cost of Merchandise Sold

Merchandise Inventory, January 1, 1949..	24,500	
Purchases	\$65,240	
Freight Inward	860	
Total Purchases	66,100	
Less Purchase Returns.....	950	
Net Purchases		65,150
Total Cost of Merchandise for Sale		89,650
Less Merchandise Inventory, December 31, 1949.....		26,750
Cost of Merchandise Sold.....		62,900
Gross Profit on Sales.....		\$30,480

[3]

[OVER]

83
70
70

Part III

Answer either question 5 or question 6.

5 State one good reason for *each* of *five* of the following bookkeeping or business practices. Reasons should be stated in clear and complete sentences. [10]

- a* Keeping controlling accounts for customers and creditors.
- b* Preparing a classified rather than an unclassified balance sheet.
- c* Using special columns for cash sales, salaries, delivery expense, stationery and postage, etc. in the cashbook.
- d* Using a voucher check when paying a creditor.
- e* Verifying purchase invoices before they are recorded in the purchase journal.
- f* Having the Credit Department approve customers' orders before they are filled.
- g* Establishing a petty cash fund.
- h* Allowing cash discounts to customers.

Wednesday, June 21, 1950

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

If this question is chosen, detach this page and hand it in with your other answer paper.

6 On the line at the right of *each* statement, write the word or words that best complete the statement. [One credit for each correct answer; no partial credit. Note example.] [10]

[Example: The cash account is an account.asset.....]

- a* The current ratio is found by dividing the amount of the current assets by the amount of the *a*.....
- b* The difference between the cost of a fixed asset and its reserve for depreciation is known as the ... of the asset. *b*.....
- c* When goods are shipped terms "bill of lading, sight draft attached," the ... bill of lading is used. *c*.....
- d* If the sales are \$50,000 and the gross profit on sales is \$20,000, the gross profit is ... per cent of sales. *d*.....
- e* A bank draft received from a customer is recorded in the ... journal. *e*.....
- f* The amount to be credited to the Reserve for Bad Debts account may be a per cent of accounts receivable or a per cent of *f*.....
- g* The rate of merchandise turnover is found by dividing the cost of goods sold by the *g*.....
- h* The financial statement on which is shown the amount of income taxes withheld by an employer from the wages of his employees is the *h*.....
- i* The indorsement "John Kelly" on a check is described as a .. indorsement. *i*.....
- j* Freight paid by the shipper on goods sold is classified as a ... expense in the profit and loss statement. *j*.....