

The University of the State of New York

321ST HIGH SCHOOL EXAMINATION

BOOKKEEPING II

Wednesday, June 23, 1954—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 Answer a, b and c:

a Use the following journals with special columns as indicated: [Note: In the general journal only FOUR columns are required; in the cash receipts journal FOUR columns are required; and in the cash payments journal SEVEN columns are required.]

General Journal: Debit side — Accounts Payable, General Ledger

Credit side — General Ledger, Accounts Receivable

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

Cash Payments Journal: General Ledger, Accounts Payable, Salaries, Withholding Taxes Payable, F.I.C.A. Taxes Payable, Purchase Discount, Net Cash

Arthur Jay is in the wholesale sweater business. On April 1, 1954, his business had a bank balance of \$5375. Make, with sufficient explanations, entries for the following selected transactions, checking all items that should not be posted separately:

- April 2 Sent a check to the Empire Realty Co. for \$325 in payment of rent for the month of April.
- April 5 Received a credit memorandum for \$25 from the Fashionknit Mills for damaged merchandise we returned to them.
- April 6 Received Arthur Jay's personal check for \$3000 as an additional investment in the business.
- April 7 Sent a check to the Crown Knitting Mills in payment of the \$2300 invoice of March 29, terms $\frac{3}{10}$, $\frac{N}{60}$.
- April 9 Received from Stark Bros. a check for \$367.50 in settlement of invoice of March 31 for \$375, terms $\frac{2}{10}$, $\frac{N}{30}$.
- April 12 Arthur Jay, the proprietor, withdrew \$150 for his personal use.
- April 14 Received a check from the George Brownell Co. in payment of their \$600 note with interest for 60 days at 6% due today.
- April 15 Paid employees' salaries amounting to \$300. From this amount we deducted \$6 for the F.I.C.A. tax and \$28 for withholding taxes.
- April 16 Cash sales for the week were \$250.
- April 20 Wrote off as uncollectible the account of George Peters, who owes the firm \$30. There is no balance in the Reserve for Bad Debts account.
- April 23 Bought a bookkeeping machine from the Computer Machine Co. for \$1200, terms 90-day note with interest at 6%. We sent them our note.

BOOKKEEPING II — *continued*

April 29 Sent a check to the Director of Internal Revenue covering the following: Withholding taxes deducted during January, February and March, \$204; F.I.C.A. taxes deducted during the same period, \$36; the employer's contribution toward the Social Security tax, \$36.

April 30 Sent a check for \$620 to George Hopkins, our sales agent, for commissions earned on April sales.

Close and summarize *all* journals. Use the method that you have been taught. [50]

b Post to the ledger accounts from the *cash receipts journal* only. Show all dates and folio numbers. [Include the entries that would normally be posted during the month as well as the totals at the end of the month.] [8]

c What is the cash balance on April 30, 1954? [2]

2 Answer both *a* and *b*:

a Each of the items in the following list belongs in either the Balance Sheet or the Statement of Profit and Loss. In the first column at the right of each item, indicate the statement in which the item belongs. [Allow $\frac{1}{2}$ credit for each correct answer.] [7½]

b In the second column, indicate the *section* of the statement in which each item belongs, using *only* the following classifications: [Allow $\frac{1}{2}$ credit for each correct answer.] [7½]

Balance Sheet — Assets, Liabilities, Capital

Profit and Loss Statement — Sales, Cost of Goods Sold, Operating Expenses

Item	<i>a Statement</i>		<i>b Section</i>	
	<i>Balance Sheet</i>		<i>Assets</i>	
<i>Example: Cash</i>	.....	.....	.....	.....
(1) Reserve for Bad Debts	(1).....	.....	.....	.....
(2) Insurance Unexpired	(2).....	.....	.....	.....
(3) Merchandise Inventory (beginning of period)	(3).....	.....	.....	.....
(4) Freight Out	(4).....	.....	.....	.....
(5) Rent Income Received in Advance	(5).....	.....	.....	.....
(6) George White, Personal	(6).....	.....	.....	.....
(7) Traveling Expense	(7).....	.....	.....	.....
(8) Freight In	(8).....	.....	.....	.....
(9) Withholding Taxes Payable	(9).....	.....	.....	.....
(10) Social Security Taxes (paid by employer)	(10).....	.....	.....	.....
(11) Mortgage Payable	(11).....	.....	.....	.....
(12) Purchase Returns and Allowances	(12).....	.....	.....	.....
(13) Notes Receivable Discounted	(13).....	.....	.....	.....
(14) Depreciation of Delivery Equipment	(14).....	.....	.....	.....
(15) Sales Returns and Allowances	(15).....	.....	.....	.....

Part II

Answer either question 3 or question 4.

3 a The bank statement balance for the Georgetown Manufacturing Co. on May 31, 1954, was \$2617.45. The checkbook showed a balance of \$2199.60. The following checks were found to be outstanding:

#146	\$160.40
#147	336.90
#148	174.05

A deposit of \$250 made after banking hours on May 31, 1954, had not yet been recorded by the bank. The bank had deducted \$3.50 as a service charge for the month. Prepare a bank reconciliation statement. [10]

- b Describe the procedure to be followed in determining what checks are outstanding before the bank reconciliation statement can be prepared. [2]
- c What entry should be made for the \$3.50 service charge? Indicate the journal that would be used. [3]

4 Referring to the *two* accounts that follow, answer the questions given below:

Robert Stone

1954				1954	
May 2	2/10 N/30	S 10	300	May 5	
				12	J 3 30
					CR 8 270

Alfred Warren

1954				1954	
May 15		J 4	2500	May 14	60-day note
					P 4 2500

- a For *each* entry in Robert Stone's and Alfred Warren's accounts, give the transaction or describe the event that probably gave rise to the entry. [The journal entry is not acceptable as an answer.] [10]
- b What type of account is each of these accounts? [2]
- c Name the ledgers in which each of these accounts can be found. [1]
- d What is a controlling account? [2]

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

Detach this page and hand it in with your other answer paper.

Part III

Answer either question 5 or question 6.

5 On the line at the right of *each* statement, write the word or expression that best completes the statement. [Allow one credit for each correct answer; no partial credit.] [10]

- a Entries in the sales journal are made from data found on the a.....
- b The bookkeeper checks the accuracy of the accounts receivable ledger by preparing a (an) b.....
- c An indorsement that reads "Pay to the order of Henry Baker" (signed) "George Williams" is a (an) . . . indorsement. c.....
- d A (an) . . . bill of lading is prepared for a C.O.D. shipment by freight. d.....
- e The due date of a note for 2 months, dated April 1, is e.....
- f The debits in the accounts receivable controlling account usually originate in the . . . journal. f.....
- g An invoice dated May 15 and subject to terms $\frac{2}{10}$ E.O.M. is due g.....
- h One of the legal characteristics of a general partnership is . . . liability. h.....
- i The discounting of a notes receivable creates a (an) . . . liability on the part of the one who discounts the note. i.....
- j A (an) . . . check is one on the face of which is the bank's stamp that the check is good. j.....

6 On the line at the right of *each* expression in column B, place the *number* of the word or expression in column A that is most closely related to it. [Allow one credit for each correct answer.] [10]

Column A

Column B

- | | | |
|------------------------------|---|--------|
| (1) Account sales | a A business paper issued to a customer giving him credit for goods he has returned | a..... |
| (2) Accrual basis | b Can be purchased at a United States post office | b..... |
| (3) Accrued income | c "For deposit only" (signed) "George Harvey" | c..... |
| (4) Adjusting entry | d An entry to set up the Reserve for Bad Debts at the end of the period | d..... |
| (5) Balance Sheet | e A list of the balances of the general ledger accounts before the ledger is closed | e..... |
| (6) Blank indorsement | f A check that has space provided on its face for an explanation of the invoice paid by that check | f..... |
| (7) Cash basis | g A basis for keeping books so that all items of expense and income are recorded in the accounting periods during which they are incurred or earned | g..... |
| (8) Cash discount | h Income that has been earned but not yet received | h..... |
| (9) Certified check | i The report sent to each customer whose account is open at the end of the month | i..... |
| (10) Closing entry | j A deduction allowed to obtain the early payment of cash | j..... |
| (11) Credit memorandum | | |
| (12) Deferred income | | |
| (13) Money order | | |
| (14) Purchase requisition | | |
| (15) Restrictive indorsement | | |
| (16) Statement of account | | |
| (17) Trade discount | | |
| (18) Traveler's check | | |
| (19) Trial balance | | |
| (20) Voucher check | | |