

BOOKKEEPING II

Thursday, June 22, 1961 — 9:15 a.m. to 12:15 p.m., only

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

Name of teacher.....

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* and *c*:

a Use the following journals with special columns as indicated:

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

Cash Payments Journal: General Ledger, Accounts Payable, Salaries, Federal Withholding Taxes Payable, State Withholding Taxes Payable, FICA Taxes Payable, State Disability Benefits Payable, Purchase Discount, Cash

Petty Cashbook: Date, Explanation, Receipts, Payments, Office Expense, Delivery Expense, and under Sundry Items, columns for Account Debited and Amount

On May 1, 1961, the Surrey Restaurant Supply Corporation had a balance of \$6,510 in the bank and \$100 in the petty cashbox. Record the bank balance and the petty cash balance. Make, with sufficient explanations, entries for the following selected transactions, checking all items that should not be posted separately:

- May 1 Issued a check to the Main Equipment Co. in settlement of the invoice of April 21 for \$570, terms $\frac{2}{10}$, $\frac{N}{30}$.
- May 4 Paid the American Express Co. \$18.40 in currency for express charges on merchandise shipped to a customer.
- May 5 Received a check from the Bellaire Coffee Shop, a customer, for \$502.50, in payment of their 30-day interest-bearing note due today. The face of the note was \$500.
- May 6 Bought a calculator for the office from the Precision Office Machines Co. for \$165 and sent a check in full payment.
- May 9 Issued a check for \$75 as a refund for merchandise returned by a cash customer.
- May 10 Paid \$60 in cash for a filing cabinet for the office. This money was taken from the petty cash fund.
- May 12 Issued a check to the Hamilton Restaurant Supply Co. for \$150 to apply on account.

- May 15 Received from the Bayside Inn, a customer, a check for \$248.38 in payment of the invoice of April 28 for \$220.80, less a 2% discount, and plus \$32 for freight prepaid by us.
- May 16 Received a notice from the bank that it had charged our account \$6.50 for collection services during the month.
- May 17 Paid \$10.20 in currency for typewriter ribbons and stationery for the office.
- May 19 Received a check for \$5.70 from the Main Equipment Co., and a letter informing us that the terms of sale for the invoice we paid on May 1 should have been $\frac{9}{10}, \frac{N}{30}$. We had deducted 2% cash discount.
- May 22 Issued a check in payment of the quarterly dividend of 25 cents a share on the 2,000 shares outstanding. This dividend was voted by the board of directors on April 15 and the liability was recorded on the books at that time.
- May 23 Received a check from the Parkway Diner, a customer, in payment of the invoice of April 24 for \$42.
- May 24 Gave \$3.60 in currency to the driver of our delivery truck to reimburse him for gasoline he had bought.
- May 27 Drew a check to meet the payroll. The following information was obtained from the payroll record:

Total Earnings of Employees.....	\$580.00
Federal Withholding Taxes	76.00
State Withholding Taxes	9.50
FICA Taxes	17.40
State Disability Benefits	1.50
Net Payment	475.60

May 29 The check received from the Parkway Diner on May 23, which we deposited, was returned by the bank marked "Insufficient Funds." The bank charged our account for \$42.

May 31 Drew a check to restore the petty cash fund to its original balance. [In making the entry for replenishment, use the method that you have been taught.]

Close and summarize *all* journals. Use the method that you have been taught. [55]

b What is the cashbook balance on May 31, 1961? [Indicate this balance in the Cash Receipts Journal, using the method that you have been taught.] [1]

c (1) Assume that you are in charge of the subsidiary ledgers (Accounts Receivable and Accounts Payable Ledgers). Set up the following balances in the customer and creditor accounts as of May 1, 1961: [4]

<i>Owed by Customers:</i>	Bayside Inn	\$460.00
	Parkway Diner	95.00
<i>Owed to Creditors:</i>	Main Equipment Co.	\$570.00
	Hamilton Restaurant Supply Co.....	432.00

(2) Post to these customer and creditor accounts from the journals you prepared for 1a. Show all dates and folio numbers. [5]

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2 Complete the following payroll in the spaces provided. The federal and New York State withholding tax deductions can be obtained from the tables given below. The FICA tax rate is 3%. The New York State Disability Benefits rate is $\frac{1}{2}$ of 1% of weekly wages, with a maximum deduction of 30¢. [10]

Payroll Record for the Week Ending December 9, 1960

Employee	No. of Exemptions	Total Earnings	Federal Withholding Taxes	State Withholding Taxes	FICA Taxes	State Disability Benefits	Total Deductions	Net Pay
M. Cowan	3	\$90.50	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....
H. Powers	1	94.00	.....	.....	.....	.....	.....	.....
W. McCoy	4	98.75	.....	.....	.....	.....	.....	.....
TOTALS		\$.....	\$.....	\$.....	\$.....	\$.....	\$.....	\$.....

FEDERAL INCOME TAX WITHHOLDING TABLE

If the payroll period with respect to an employee is WEEKLY

And the wages are at least	But less than	And the number of withholding exemptions claimed is				
		0	1	2	3	4
\$90	\$ 92	\$16.40	\$14.10	\$11.80	\$ 9.50	\$7.10
92	94	16.70	14.40	12.10	9.80	7.50
94	96	17.10	14.80	12.50	10.20	7.90
96	98	17.50	15.20	12.80	10.50	8.20
98	100	17.80	15.50	13.20	10.90	8.60

NEW YORK STATE INCOME TAX WEEKLY WITHHOLDING TABLE

Wages at least	Less than	Exemptions Claimed				
		0	1	2	3	4
\$90	\$ 92	\$2.00	\$1.60	\$1.10	\$.70	\$.40
92	94	2.10	1.60	1.20	.80	.40
94	96	2.20	1.70	1.20	.80	.50
96	98	2.20	1.80	1.30	.90	.50
98	100	2.30	1.80	1.40	.90	.60

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Part II

Answer either question 3 or question 4.

3 Using the information in the trial balance and the additional information given on page 5, complete *each* of the following in the space provided at the right: [15]

a On the profit and loss statement for the year 1960, the amount of

- (1) Office Supplies expense should be..... (1) \$.....
- (2) Insurance expense should be..... (2) \$.....
- (3) Wages and Salaries expense should be..... (3) \$.....
- (4) Bad Debts expense should be..... (4) \$.....
- (5) Depreciation of Store Equipment should be..... (5) \$.....
- (6) Interest Expense should be..... (6) \$.....
- (7) Rent Income should be..... (7) \$.....

b On the balance sheet for December 31, 1960, the amount of

- (8) Merchandise Inventory should be..... (8) \$.....
- (9) Reserve for Depreciation of Building should be..... (9) \$.....
- (10) Reserve for Depreciation of Delivery Equipment should be (10) \$.....

c On the CLASSIFIED balance sheet for December 31, 1960,

- (11) Dividends Payable should be classified in the ... section (11)
- (12) Earned Surplus should be classified in the ... section (12)
- (13) Interest Accrued on Mortgage Payable should be classified in the ... section (13)
- (14) Insurance Prepaid should be classified in the ... section (14)
- (15) Rent Income Received in Advance should be classified in the ... section (15)

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BOOKKEEPING II — *continued*
AUSTIN ELECTRONICS CO., INC.
Trial Balance
December 31, 1960

Cash	\$ 7,810	.....
Accounts Receivable	44,200	.....
Reserve for Bad Debts.....		\$ 420
Merchandise Inventory — January 1, 1960	50,525	.....
Store Equipment	10,300	.....
Reserve for Depreciation of Store Equipment.....		1,850
Land and Building	35,000	.....
Reserve for Depreciation of Building.....		2,700
Delivery Equipment	11,210	.....
Reserve for Depreciation of Delivery Equipment.....		2,200
Mortgage Payable		12,000
Accounts Payable		27,550
Withholding Taxes Payable — Federal		1,420
Withholding Taxes Payable — State		172
FICA Taxes Payable		142
Capital Stock		40,000
Earned Surplus — January 1, 1960		7,217
Dividends Payable		3,000
Sales Income		237,615
Merchandise Purchases	111,390	.....
Office Supplies	769	.....
Insurance	1,640	.....
Wages and Salaries	61,400	.....
FICA Taxes	1,570	.....
State Unemployment Taxes	1,235	.....
Miscellaneous Taxes	842	.....
Interest Expense	110	.....
General Expense	610	.....
Sales Discount	4,220	.....
Purchase Discount		4,145
Rent Income		2,400
	<u>\$342,831</u>	<u>\$342,831</u>

Additional Information, December 31, 1960:

Merchandise Inventory	\$45,260
Office Supplies Inventory	125
Insurance Prepaid	250
FICA Taxes Payable (employer's obligation).....	142
Wages and Salaries Payable	195
Rent Income Received in Advance.....	200
Interest Accrued on Mortgage Payable.....	50
Depreciation of Store Equipment.....	10% of cost
Depreciation of Building	2% of \$30,000
Depreciation of Delivery Equipment.....	20% of cost
Additional Allowance for Bad Debts.....	2% of the accounts receivable

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4 On the line at the right of *each* of the following, write the answer to the question: [15]

a The following information was taken from the books as of December 31, 1960:

Net sales for the year	\$150,000
Inventory on January 1, 1960	12,500
Net purchases for the year	80,000
Inventory on December 31, 1960	11,000

What is the gross profit for the year? a \$

b Sporn invested \$40,000 and his partner Michaels invested \$80,000 in their business. Profits are to be divided as follows: two-fifths to Sporn and three-fifths to Michaels. The net profit for the year was \$12,000. What was the *rate of return* on Sporn's investment expressed as a percent? b

c Merchandise sold to a customer is listed in the catalog at \$400 less a trade discount of 25%. The terms of sale are $\frac{2}{10}, N/30$. What amount should be recorded in the Sales Journal for this sale? c \$

d On May 31, 1961, the bank reported to us a balance of \$2,945, whereas the checkbook balance amounted to \$2,684.50. A reconciliation revealed that (1) the outstanding checks amounted to \$425, (2) a deposit of \$160 mailed on the last day of the month was not listed by the bank and (3) the bank indicated a service charge of \$4.50. What is the correct available checkbook balance? d \$

e In New York State, the normal income tax is based upon the following rates:
 2% of 1st \$1,000 of taxable income
 3% of 2nd and 3rd \$1,000 of taxable income
 4% of 4th and 5th \$1,000 of taxable income
 What is the normal income tax on a taxable income of \$3,600?
 [Do not consider any special credits.] e \$

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Part III

Answer either question 5 or question 6.

- 5 Each of the following describes a common business paper or document. On the line at the right of *each* write the *name* of the business paper or document described. [10]
- a The monthly report sent to each customer showing the unpaid balance a.....
 - b The receipt obtained from the railroad for a shipment of goods by freight b.....
 - c A check drawn by a bank on its deposits in another bank c.....
 - d A time draft which states on its face that it resulted from the sale or purchase of merchandise d.....
 - e The source of information for entries in the Sales Journal e.....
 - f The notification to a businessman giving him credit for goods he returned f.....
 - g The authorization for the withdrawal of currency from the petty cash fund g.....
 - h The monthly report received from the bank showing the opening bank balance, the deposits, the checks paid and the closing bank balance h.....
 - i The authorization by the State of New York permitting a group of incorporators to do business as a corporation i.....
 - j The written contract containing the rights and duties of the partners j.....
- 6 On the line at the right of *each* of the following write the word or expression that best completes the statement. [10]
- a "F.O.B. Destination" indicates that the freight charge must be paid by the a.....
 - b A check which identifies the purpose for which it was drawn is called a(an) ... check. b.....
 - c An account in the General Ledger containing in totals information that appears in detail in another ledger is called a(an) ... account. c.....
 - d If there is no agreement as to the method of sharing profits and losses, partners share them d.....
 - e The owners of a corporation are the e.....
 - f The maturity date of a 60-day note dated March 10 is f.....
 - g The abbreviation e.o.m. appearing on an invoice stands for g.....
 - h A truck purchased for \$5,500, with an estimated life of 5 years and a scrap value of \$700, will result in an annual depreciation of h \$.....
 - i One method of judging the ability of a business to pay its debts is to determine and apply the ... ratio. i.....
 - j The credits in the Accounts Payable controlling account usually originate in the ... Journal. j.....

I do so declare.....
(Signature)

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FOR TEACHERS ONLY

BK

INSTRUCTIONS FOR RATING BOOKKEEPING II

Thursday, June 22, 1961 — 9:15 a.m. to 12:15 p.m., only

Use only *red* ink or pencil in rating Regents papers. Do not attempt to *correct* the pupil's work by making insertions or changes of any kind.

Answers varying from those indicated below may be allowed if they can be substantiated by reference to a specific page of a current bookkeeping text.

1 *b* \$5,243.68 [1]

2 Deduct 1 credit for each incorrect figure; maximum 10 credits.

Total Earnings	Federal Withholding Taxes	State Withholding Taxes	FICA Taxes	State Disability Benefits	Total Deductions	Net Pay
	\$ 9.50	\$.70	\$2.72	\$.30	\$13.22	\$ 77.28
	14.80	1.70	2.82	.30	19.62	74.38
	8.60	.60	2.96	.30	12.46	86.29
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\$283.25	\$32.90	\$3.00	\$8.50	\$.90	\$45.30	\$237.95

3 Allow a total of 15 credits, one credit for each of the following:

- | | |
|--------------|--|
| (1) \$644 | (9) \$3,300 |
| (2) \$1,390 | (10) \$4,442 |
| (3) \$61,595 | (11) Current Liabilities |
| (4) \$884 | (12) Capital (Proprietorship, Net Worth) |
| (5) \$1,030 | (13) Current Liabilities |
| (6) \$160 | (14) Deferred Expenses (Deferred Charges) <i>or</i> Current Assets |
| (7) \$2,200 | (15) Deferred Income <i>or</i> Current Liabilities |
| (8) \$45,260 | |

4 Allow a total of 15 credits, three credits for each of the following:

- | | |
|-------------------|------------------|
| <i>a</i> \$68,500 | <i>d</i> \$2,680 |
| <i>b</i> 12% | <i>e</i> \$104 |
| <i>c</i> \$300 | |

5 Allow a total of 10 credits, one credit for each of the following:

- | | |
|---|---|
| <i>a</i> Statement of Account | <i>f</i> Credit Memorandum |
| <i>b</i> Bill of Lading | <i>g</i> Petty Cash Voucher |
| <i>c</i> Bank Draft | <i>h</i> Bank Statement |
| <i>d</i> Trade Acceptance | <i>i</i> Certificate of Incorporation <i>or</i> Charter |
| <i>e</i> Sales Invoice <i>or</i> Sales Slip | <i>j</i> Articles of Copartnership |

6 Allow a total of 10 credits, one credit for each of the following:

- | | |
|-----------------------------------|-----------------------|
| <i>a</i> shipper <i>or</i> seller | <i>f</i> May 9 |
| <i>b</i> voucher | <i>g</i> End of Month |
| <i>c</i> controlling | <i>h</i> \$960 |
| <i>d</i> equally | <i>i</i> current |
| <i>e</i> stockholders | <i>j</i> Purchases |

Refer to the "Suggested Rating Guide" for rating parts 1*a* and 1*c* of the examination.

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