

The University of the State of New York
REGENTS HIGH SCHOOL EXAMINATION
BOOKKEEPING II

Thursday, June 21, 1962 — 9:15 a.m. to 12:15 p.m., only

Part I

This part consists of questions 1 through 6. Be sure that you answer all the questions in this part. Write the answers to these questions in the separate answer booklet.

1 Use the three journals with special columns provided in the separate answer booklet.

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

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

Cash Payments Journal: General Ledger, Accounts Payable, Freight In, Purchase Discount, Cash

On May 1, 1962, the Quick-Dry Paint Corporation of Utica, New York, had a bank balance of \$10,625. Make, with sufficient explanations, entries for the following selected transactions, checking all items that should not be posted separately:

- May 2 We issued a check for \$450 to the Borough Realty Co. in payment of rent on our factory for the month of May.
- May 4 The Bender Paint Co. sent us a credit memorandum for \$172 for damaged merchandise we returned to them.
- May 7 The board of directors declared the semiannual cash dividend of 15 cents per share on each of the 5,000 shares of stock outstanding. The dividend is to be paid to stockholders on May 25.
- May 9 The cash sales for the day amounted to \$395.50.
- May 10 The Corner Paint Store, a customer owing us \$620, has been declared a bankrupt. The trustee made a payment of 25 cents on every dollar owed by the bankrupt. We received a check for \$155 from the trustee, and we wrote off the balance of the customer's account as uncollectable. (The Allowance for Bad Debts account has a balance of \$550.)
- May 14 We paid \$62 for freight on goods purchased from E. Stern Co. of Chicago. The terms of purchase were F.O.B. Chicago.
- May 15 We borrowed \$5,000 from our bank and gave the bank our 60-day noninterest-bearing note for that amount. The bank credited our account for the net proceeds of \$4,950.
- May 17 We received a check from the Chase Paint Co. for \$191.10 in full settlement of the invoice of April 25 for \$235, less the return of April 27 for \$40 and less the cash discount of 2%.
- May 23 We received a check for \$804 from H. Millard & Co., a customer, in payment of his 30-day 6% interest-bearing note due today. The face of the note was \$800.
- May 24 We received a supplementary invoice from the Cooper Paint Co. for \$83 for freight charges they prepaid for us on merchandise we received.
- May 25 We issued a check in payment of the dividend voted by the board of directors on May 7.
- May 26 We sent a check for \$185 to the Upstate Mutual Insurance Co. in payment of the fire insurance premium for one year.
- May 28 We sent a check to the Cooper Paint Co. in payment of the invoice of \$972, dated April 28, less the 1% discount and plus the freight charges they prepaid as shown on the supplementary invoice of May 24.

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

2 What is the cashbook balance on May 31, 1962? [Indicate this balance in the Cash Receipts Journal, using the method that you have been taught.] [1]

3 Answer both *a* and *b*:

a Set up the Accounts Receivable and Accounts Payable controlling accounts for the general ledger of the Quick-Dry Paint Corporation. Record the following information in these two accounts: [Do not set up any other accounts.] [4]

Accounts Receivable balance on May 1, 1962.....	\$61,745.
Accounts Payable balance on May 1, 1962.....	30,420.
Sales Journal total for the month of May 1962.....	45,169.
Purchase Journal total for the month of May 1962....	28,743.

b Post to these controlling accounts from the journals you prepared for question 1. Show all dates. Show folio numbers in the journals and in the ledger accounts. [5]

4 Below is a list of some of the accounts in a general ledger. Using these account titles, make journal entries in two-column form for the transactions that follow, omitting dates and explanations. [You may also use the Payroll account if this account is needed in the method you have been taught.]

Cash	FICA Taxes Payable
FICA Taxes	Federal Unemployment Taxes Payable
Federal Unemployment Taxes	Federal Withholding Taxes Payable
Salaries	State Disability Benefits Payable
State Disability Benefits	State Unemployment Insurance Taxes Payable
State Unemployment Insurance Taxes	State Withholding Taxes Payable

a Drew a check to meet the weekly payroll. The following information was obtained from the payroll record: [3]

Total Earnings of Employees.....	\$740.00
Federal Withholding Taxes.....	85.10
State Withholding Taxes.....	7.90
FICA Taxes	23.13
State Disability Benefits.....	2.40

b Drew a check in favor of the Federal Reserve Bank to cover the following taxes for the previous month: [3]

Federal Withholding Taxes.....	\$340.40
FICA Taxes deducted from employees.....	92.50
FICA Taxes (employer's contribution).....	92.50

c Drew a check in favor of the New York State Income Tax Bureau to cover the New York State withholding taxes deducted in the previous quarter, \$104.50. [2]

d Made the adjustment entry at the end of the business year to record the accrual for the employer's liability for FICA taxes, \$14.10. [2]

e Made the adjustment entry at the end of the business year to record the accrual for federal unemployment taxes, \$1.54. [2]

5 Carl Lang's total earnings from January 1, 1962, through June 8, 1962, were \$4,720. Find the amount of the FICA tax deduction for the week ending June 15, 1962, if he earned \$185 during the week. [The FICA tax rate is $3\frac{1}{8}\%$ on earnings up to \$4,800 per year.] [1]

6 Chester Warner earned \$1.60 per hour with time and one-half for all time over 40 hours per week. One week in February he worked 46 hours. How much should Mr. Warner find in his pay envelope for that week if deductions were made for New York State Disability Benefits, FICA tax, Federal withholding tax of \$9.60 and State withholding tax of 80 cents? [The New York State Disability Benefits rate is $\frac{1}{2}$ of 1% of weekly wages, with a maximum deduction of 30¢.] [2]

Part II

Answer either Group 1 or Group 2. Be sure that you answer all questions in the group you choose. Write the answers to these questions in the separate answer booklet.

Group 1

Directions (7-21): Write the number preceding the word or expression that best completes the statement or answers the question. [15]

7 Which item appears on both the Balance Sheet on December 31, 1961, and the Profit and Loss Statement for the year ending December 31, 1961?

- 1 Sales Income
- 2 Merchandise Inventory December 31, 1961
- 3 Merchandise Inventory January 1, 1961
- 4 Prepaid Insurance

8 Which of the following can be obtained from the information on the Balance Sheet?

- 1 rate of merchandise turnover
- 2 percentage of net profit on sales
- 3 current ratio
- 4 cost of goods sold

9 Which of the following can be obtained from the information on the Profit and Loss Statement?

- 1 net worth of the business
- 2 expenditures for salaries of employees
- 3 book value of the fixed assets
- 4 amount collectable from customers

10 On the Balance Sheet, Interest Payable on Mortgages should be classified as a

- 1 current liability
- 2 fixed liability
- 3 deferred income
- 4 deferred expense

11 On the Balance Sheet, Accrued Interest Receivable should be classified as a

- 1 current asset
- 2 current liability
- 3 deferred income
- 4 deferred expense

12 When a current liability is paid by check, which of the following is true?

- 1 Net working capital is increased.
- 2 Net worth is increased.
- 3 Net worth is decreased.
- 4 Net working capital remains the same.

13 If there is no agreement as to the method of sharing profits and losses, partners must legally share them

- 1 according to their original investment
- 2 according to their present capital accounts
- 3 equally
- 4 according to the work done

14 The gross profit on sales for a period is determined by deducting the

- 1 purchases from the sales
- 2 ending inventory from the sales
- 3 beginning inventory and the purchases from the sales
- 4 cost of goods sold from the sales

15 A Profit and Loss Statement for 1961 shows the following figures:

Sales	\$98,000
Sales Returns	4,500
Cost of Sales	56,100
Operating Expenses	29,400
Other Income	1,300

The net profit is

- (1) \$8,000
- (2) \$9,300
- (3) \$13,800
- (4) \$37,400

16 The total of the debits of a trial balance is \$56,855.95. The total of the credits of this same trial balance is \$56,855.94. This difference of \$.01 suggests

- 1 a transposition of figures
- 2 an error in posting to the wrong side of an account
- 3 an error in posting to the wrong account
- 4 an error in addition or subtraction

17 On December 31, 1961, the Insurance account contained a debit of \$150. This represented the premium for a 5-year insurance policy dated January 1, 1961. The amount to be listed on the Profit and Loss Statement as Insurance Expense for the year ending December 31, 1961, is

- (1) \$30
- (2) \$50
- (3) \$120
- (4) \$150

18 The Rent Income account had a balance of \$7,560 at the end of 1961. Of this amount, \$500 represented prepaid 1962 rents. The amount to be listed on the Profit and Loss Statement as Rent Income for 1961 is

- (1) \$500
- (2) \$7,060
- (3) \$7,560
- (4) \$8,060

19 The Salaries account at the end of 1961 shows total debits of \$65,000. The unpaid salaries amount to \$1,250. The amount to be listed on the Profit and Loss Statement as Salaries Expense for 1961 is

- (1) \$1,250
- (2) \$63,750
- (3) \$65,000
- (4) \$66,250

20 The Accounts Receivable account balance on December 31, 1961, is \$84,500. The policy of the business is to maintain an allowance for bad debts of 2% of the accounts receivable. The Allowance for Bad Debts account at the end of the year 1961 has a balance of \$420. The amount to be listed on the Balance Sheet for December 31, 1961, for Allowance for Bad Debts is

- | | |
|-------------|-------------|
| (1) \$420 | (3) \$1,690 |
| (2) \$1,270 | (4) \$2,110 |

21 The Furniture and Fixtures account has a balance of \$8,200 on December 31, 1961. The Allowance for Depreciation of Furniture and Fixtures has a balance of \$1,640 on January 1, 1961. The depreciation for Furniture and Fixtures for the year 1961 is \$820. The book value of Furniture and Fixtures on December 31, 1961 is

- | | |
|-------------|-------------|
| (1) \$2,460 | (3) \$6,560 |
| (2) \$5,740 | (4) \$7,380 |

Group 2

22 On December 31, 1961, A. Manville's postclosing trial balance contained the following balances:

Cash	\$4,000
Merchandise Inventory	1,400
Accounts Receivable	7,000
Allowance for Bad Debts.....	140
Insurance (prepaid)	200
Furniture and Fixtures.....	2,200
Allowance for Depreciation of Furniture and Fixtures..	880
Accounts Payable	3,800

On the basis of the above information, what was A. Manville's capital on December 31, 1961? [3]

23 The following is a section of the Schedule of Federal Income Taxes for single taxpayers:

<i>If your taxable income is:</i>		<i>Your tax is:</i>	
<i>Over—</i>	<i>But not over—</i>		<i>of excess over—</i>
\$4,000	—\$6,000.....	\$840, plus 26%	—\$4,000
\$6,000	—\$8,000.....	\$1,360, plus 30%	—\$6,000

What is the tax for a single taxpayer on a taxable income of \$5,400? [3]

24 The bank statement balance for the Harris-Meyers Co. on May 31, 1962, was \$6,172.45. The checkbook showed a balance of \$5,860.95. A reconciliation revealed that (1) the outstanding checks amounted to \$615, (2) the bank had deducted \$3.50 as a service charge for the month and (3) check No. 47 made out for \$350 was shown erroneously on our stub of the checkbook as \$50.

What is the correct available checkbook balance? [3]

25 Prepare a Statement of Proprietorship as of December 31, 1961, using the information given below: [6]

John Langdon and George Read are partners in a wholesale shoe business. They share profits and losses according to the balance in their respective capital accounts at the beginning of each year. The following information was obtained from the ledger accounts:

John Langdon, Capital, on January 1, 1961.....	\$30,000
John Langdon withdrawals during the year 1961.....	8,000
George Read, Capital, on January 1, 1961.....	15,000
George Read withdrawals during the year 1961.....	6,000
The net profit for the year ending December 31, 1961..	18,600

Use the statement below dated December 31, 1960, as a model in preparing the December 31, 1961, statement.

Langdon and Read
Statement of Proprietorship
December 31, 1960

Langdon and Read Statement of Proprietorship December 31, 1960			
John Langdon			
Capital, January 1, 1960.....		\$25,000	
Share of Net Profit.....	\$12,000		
Less: Withdrawals	7,000		
Net Increase in Capital.....		5,000	
Capital, December 31, 1960.....			
George Read			
Capital, January 1, 1960.....		15,000	
Share of Net Profit.....	6,000		
Less: Withdrawals	6,000		
Net Increase in Capital.....		-0-	
Capital, December 31, 1960.....			
Total Capital, December 31, 1960.....			<u>\$45,000</u>

Part III

Answer either Group 3 or Group 4. Be sure that you answer all questions in the group you choose. Write the answers to these questions in the separate answer booklet.

Group 3

Directions (26–30): Write in two-column journal form the entries to record *each* of the following: [Dates and explanations may be omitted.] [10]

- | | |
|--|---|
| <p>26 The bank statement at the end of the month contained a slip notifying us of a bank service charge of \$1.50.</p> <p>27 It is the end of the fiscal period and the books are being adjusted. The estimated depreciation on delivery equipment is \$700.</p> <p>28 An error was made in pencil-footing the Sales Journal at the end of the month. The bookkeeper's total and the summary entry were for \$16,326, which was the figure posted to the ledger. The correct total was \$15,326. Make the correcting entry. [Assume that controlling accounts are used.]</p> | <p>29 The net profit for the year for Max Harlow's business is \$6,300. Make the entry to close the Profit and Loss account at the end of the year.</p> <p>30 We issued a check to the Mid-State Savings Bank in payment of the semiannual interest on our \$10,000 mortgage on the factory. The interest rate is 6% per annum.</p> |
|--|---|

Group 4

Directions (31–40): Write the word or expression that best completes *each* statement. [10]

- | | |
|---|---|
| <p>31 Entries in the Sales Journal for credit sales are made from the</p> <p>32 The group of persons elected by the stockholders to manage the business of a corporation is known as the</p> <p>33 Every payment from the petty cash fund should be evidenced by a(an)</p> <p>34 A bank draft received from a customer should be recorded in the . . . Journal.</p> <p>35 A list of the balances of the General Ledger accounts before the ledger is closed is called a(an)</p> | <p>36 Goods are purchased on May 1, 1962, with terms 2/10, E.O.M. In order to obtain the cash discount, the invoice must be paid on or before</p> <p>37 The formal application to the State of New York for permission to incorporate a business is known as the</p> <p>38 Expenses incurred but not paid for when the books are closed are best described as . . . expenses.</p> <p>39 When a wholesaler publishes a catalog with suggested prices, the deduction allowed to retailers from the catalog prices is known as a(an)</p> <p>40 When the maker of the note refuses to pay the note when it is due, the note is said to be</p> |
|---|---|

Percent.....

Reviewer's Initials:
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The University of the State of New York

REGENTS HIGH SCHOOL EXAMINATION

BOOKKEEPING II

Thursday, June 21, 1962 — 9:15 a.m. to 12:15 p.m., only

ANSWER SHEET

Pupil.....Teacher.....

School.....

All of your answers should be written in this answer booklet.

All answers must be written with pen and ink.

If you make an error and cannot answer a question in the space provided in the answer booklet, do not recopy the work already completed. Obtain another answer booklet from the teacher in charge and continue your answers in the new answer booklet.

ACCOUNTS RECEIVABLE

Account No. _____

DATE		EXPLANATION	POST. REF.	DEBIT AMOUNT		DATE		EXPLANATION	POST. REF.	CREDIT AMOUNT	

ACCOUNTS PAYABLE

Account No. _____

DATE		EXPLANATION	POST. REF.	DEBIT AMOUNT		DATE		EXPLANATION	POST. REF.	CREDIT AMOUNT	

Part III

Answer either Group 3 or Group 4. Be sure to answer all questions in the group you choose. Write the answers to these questions in the spaces provided below. Leave blank the spaces for the questions you do not choose to answer.

Group 3

ACCOUNT TITLE		DEBIT				CREDIT			
26									
27									
28									
29									
30									

Group 4

31.....	36.....
32.....	37.....
33.....	38.....
34.....	39.....
35.....	40.....

TO BE COMPLETED BY ALL PUPILS

I have studied bookkeeping for weeks and have had recitations per week.

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

FOR TEACHERS ONLY

BK

INSTRUCTIONS FOR RATING BOOKKEEPING II

Thursday, June 21, 1962 — 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.

Part I

- (1) Minor variations may be allowed in the use of the special journals for the narrative of transactions as long as good bookkeeping practice is followed. [50]
- (2) \$14,628.32 [1]
- (3) *a* and *b* [9]
- (4) Allow a total of 15 credits as indicated:
- | | | | |
|--|-----------|----------|-----|
| <i>a</i> Salaries | \$740.00 | | |
| Federal Withholding Taxes Payable | | \$ 85.10 | |
| State Withholding Taxes Payable | | 7.90 | |
| FICA Taxes Payable | | 23.13 | |
| State Disability Benefits Payable | | 2.40 | |
| Cash | | 621.47 | [3] |
| <i>b</i> Federal Withholding Taxes Payable | \$340.40 | | |
| FICA Taxes Payable | 185.00 | | |
| Cash | | \$525.40 | [3] |
| | <i>or</i> | | |
| Federal Withholding Taxes Payable | \$340.40 | | |
| FICA Taxes Payable | 92.50 | | |
| FICA Taxes | 92.50 | | |
| Cash | | \$525.40 | |
| <i>c</i> State Withholding Taxes Payable | \$104.50 | | |
| Cash | | \$104.50 | [2] |
| <i>d</i> FICA Taxes | \$14.10 | | |
| FICA Taxes Payable | | \$14.10 | [2] |
| <i>e</i> Federal Unemployment Taxes | \$1.54 | | |
| Federal Unemployment Taxes Payable | | \$1.54 | [2] |
- (5) \$2.50 [1]
- (6) \$65.25 [2]

Part II

Group 1

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

- | | | | | |
|-------|--------|--------|--------|--------|
| (7) 2 | (10) 1 | (13) 3 | (16) 4 | (19) 4 |
| (8) 3 | (11) 1 | (14) 4 | (17) 1 | (20) 3 |
| (9) 2 | (12) 4 | (15) 2 | (18) 2 | (21) 2 |

[OVER]

BOOKKEEPING II

Group 2

Allow a total of 15 credits as indicated:

(22) \$9,980.00	[3]	(25)	Langdon and Read		
(23) \$1,204.00	[3]		Statement of Proprietorship		
			December 31, 1961		
<hr/>					
(24) \$5,557.45	[3]		John Langdon		
			Capital January 1, 1961		\$30,000
			Share of net profit	\$12,400	
			Less Withdrawals	<u>8,000</u>	
			Net increase in Capital		<u>4,400</u>
			Capital December 31, 1961		\$34,400
			George Read		
			Capital January 1, 1961		15,000
			Share of net profit	6,200	
			Less Withdrawals	<u>6,000</u>	
			Net increase in Capital		<u>200</u>
			Capital December 31, 1961		<u>15,200</u>
			Total Capital December 31, 1961		<u>\$49,600</u> [6]

Part III

Group 3

Allow a total of 10 credits, two credits for each of the following:

(26) Bank Service Charge	\$ 1.50	
Cash		\$ 1.50
(27) Depreciation of Delivery Equipment	\$ 700.00	
Allowance for Depreciation of Delivery Equipment		\$ 700.00
(28) Sales	\$1,000.00	
Accounts Receivable		\$1,000.00
(29) Profit and Loss Summary	\$6,300.00	
M. Harlow, Personal (or Capital)		\$6,300.00
(30) Interest Expense	\$ 300.00	
Cash		\$ 300.00

Group 4

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

(31) Sales Invoice	(36) June 10, 1962
(32) Board of Directors	(37) Certificate of Incorporation
(33) Voucher or Receipt	(38) Accrued
(34) Cash receipts	(39) Trade discount
(35) Trial Balance	(40) Dishonored