

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

# BOOKKEEPING AND ACCOUNTING II

Monday, June 19, 1978 — 1:15 to 4:15 p.m., only

The answers to the questions on this examination are to be written in the separate answer booklet. Be sure to fill in the heading of your answer booklet.

When you have completed the examination, you must sign the statement printed at the end of the answer booklet, indicating that you had no unlawful knowledge of the questions or answers prior to the examination and that you have neither given nor received assistance in completing the examination. Your answer booklet cannot be accepted if you fail to sign the declaration.

**DO NOT OPEN THIS EXAMINATION BOOKLET UNTIL THE SIGNAL IS GIVEN**

**Part I**

**Write the answers to all questions in the separate answer booklet.**

The General Journal, Sales Journal, Cash Receipts Journal, and Cash Payments Journal appear in the separate answer booklet. (Note: It is important to examine the columnar headings in each journal to determine which special columns are being used.)

1 Assume you are the bookkeeper for Walter Simpson, the owner of a retail furniture store. On April 1, 1978, the business had a cash balance of \$7,465.75. Make, with sufficient explanations, entries for the following selected transactions, checking all items that should *not* be posted separately. [50]

April 2 We sold merchandise to James Pierce for \$720.00, sales tax \$50.40, terms 2/10, n/30, invoice #542.

4 We issued check #112 to Donaldson Insurance Agency for the following premium due.

<b>DONALDSON INSURANCE AGENCY</b>		
400 Brock Building • Watertown, NY 13601		
March 20, 1978	Property & Liability Insurance Policy #ZT 448-Apr 1, 1978 to Mar 30, 1979 Albany Fire & Casualty Insurance Co.	\$321.00

6 We issued the following credit memorandum to James Pierce for damaged merchandise returned to us.

WALTER SIMPSON.....Railroad Avenue.....Utica, NY 13501		
<div style="border: 1px solid black; padding: 2px; display: inline-block;">                 James Pierce 43-01 Neptune Avenue Brooklyn, NY 11210             </div>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">                 Credit memorandum No. 167  Date April 6, 1978             </div>	
YOUR ACCOUNT HAS BEEN CREDITED FOR:		
Quantity	Description	Amount
1	Cherry Table Sales Tax	\$50.00 <u>3.50</u> \$53.50

9 Cash receipts for the week included cash sales of \$7,150.00, plus sales tax, \$500.50.

10 We issued check #113 for \$1,440.60 to the Internal Revenue Service to pay for the following:

Federal Withholding Taxes.....	\$972.60
FICA Tax (Employee's Share).....	234.00
FICA Tax (Employer's Share).....	234.00

12 We received the following business paper from our customer, James Pierce.

NATIONAL BANK AND TRUST COMPANY  
ONE WALL STREET  
NEW YORK

No. 571

NEW YORK · NEW YORK April 11 1978  $\frac{1-56}{210}$

PAY TO THE ORDER OF Walter Simpson \$703.50

Seven hundred Three and  $\frac{50}{100}$  100ths DOLLARS

FOR Invoice #542-Apr 2 James Pierce  
less discount

⑆08⑆0⑆00⑆0⑆: 6⑆3⑆0649⑆

14 We mailed the following business paper to our creditor, Virginia Products Corporation, in settlement of our account.

\$1260.<sup>00</sup>/<sub>100</sub> Utica N.Y. April 14 1978

Thirty days AFTER DATE 1 PROMISE TO PAY

TO THE ORDER OF Virginia Products Corporation

Twelve hundred sixty and  $\frac{00}{100}$  DOLLARS

PAYABLE AT Utica National Bank

No. 24 NAME Walter Simpson  
DUE May 14, 1978

16 Walter Simpson withdrew \$625.00 for his personal use, check #114.

23 We borrowed money from American National Bank by discounting our promissory note for \$4,000.00. The bank credited our account for the net proceeds of \$3,920.00

26 We issued the following invoice to Roger Owen.

WALTER SIMPSON.....Railroad Avenue.....Utica, NY 13501				
Roger Owen 716 Maple Avenue Utica, NY 13501			INVOICE	
			Invoice No. 543 Date April 26, 1978 Terms 2/10, n/30	
4	#702CH	Cherry Chairs	\$60.00	\$240.00
		Sales Tax		16.80
				<u>\$256.80</u>

28 We issued check #115 to our creditor, Baka Corporation (Accounts Payable Ledger), in full settlement of the following account.

Name Baka Corporation

Address Ogdensburg, NY Terms: 2/10, n/30

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
1978 Mar 31	Invoice #268	P21		1050.00	1050.00
Apr 20	Invoice #529	P22		500.00	1550.00

29 We received a check for \$270.00 from our customer, Robert Harris, in settlement of invoice #480, dated March 19.

30 James Henry, a customer, has been declared bankrupt. Make the journal entry to write off his account balance of \$445.00 as uncollectible.

Summarize and close all journals. Check any total that is not to be posted.

Show the cash balance on May 1, 1978 in the Cash Receipts Journal.

---

## Part II

Answer all questions in this part. Write the answers to the questions in the spaces provided in the separate answer booklet.

- 2 A Purchases Journal for the month of May, 1978 is shown in the answer booklet. Do each of the following in the answer booklet:
- a* Post the daily entries from the Purchases Journal to the Subsidiary Ledger. All the required posting references should be shown in the journal and ledger accounts. [3]
  - b* Prepare the summary entry in the Purchases Journal. [1]
  - c* Post the summary entry from the Purchases Journal to the General Ledger. [1]

 GO RIGHT ON TO THE NEXT PAGE.

- 3 Prepare a trial balance for the following ledger account balances of Carol's Beauty Shop as of May 31 of this year. List the accounts on the Trial Balance with the debit or credit balance which would normally be expected for each account. It is not necessary to put them in exact order or to give them account numbers. Total the columns. Use the Trial Balance form provided in the separate answer booklet. [5]

*Cash*

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
1978 May 1	Balance	✓	628.00	1978 May 5		CP14	120.00
15		CR15	9.00	28		CP14	190.00

*Accounts Receivable*

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
1978 May 1	Balance	✓	1185.00	1978 May 15		CR12	900.00
9		J3	100.00				

*Equipment*

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
1978 May 1	Balance	✓	715.00				

*Beauty Supplies*

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
1978 May 1	Balance	✓	347.50				

*Utilities Expense*

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
1978 May 5		CP14	120.00				

*Sales*

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
				1978 May 30		SI	3765.00

*Carol DeMarco, Drawing*

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
1978 May 20	Balance	✓	690.00				

*Carol DeMarco, Capital*

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
				1978 May 1	Balance	✓	5145.00

*Accounts Payable*

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
1978 May 28		CP14	1900.00	1978 May 1	Balance	✓	2450.00
				25		J3	1220.00

*Mortgage Payable*

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
				1978 May 1	Balance	✓	6300.00

*Directions (4-12):* Write the correct amount for each item as it should appear on a Schedule C, Form 1040. Base your answers on the following Trial Balance and additional information. Follow the directions for recording the answer to each question. Use the form provided in the separate answer booklet. [10]

**Wells Plumbing Supply Company  
Trial Balance  
December 31, 1977**

Cash.....	\$ 7,139.00	
Accounts Receivable .....	15,000.00	
Allowance for Doubtful Accounts .....		\$ 750.00
Merchandise Inventory (1/1/77) .....	16,000.00	
Office Furniture and Equipment .....	3,500.00	
Allow. for Deprec. Office Furn. & Equip. ....		700.00
Notes Payable.....		2,900.00
Accounts Payable .....		4,610.00
Payroll Taxes Payable.....		870.00
Arthur Wells, Capital.....		26,459.00
Arthur Wells, Drawing.....	18,000.00	
Sales Income.....		105,000.00
Sales Returns and Allowances .....	2,430.00	
Merchandise Purchases.....	48,000.00	
Salaries Expense .....	19,500.00	
FICA Taxes Expense.....	300.00	
Insurance Expense .....	460.00	
Rent Expense .....	8,450.00	
Supplies Expense .....	1,130.00	
Telephone Expense .....	1,200.00	
Interest Expense.....	190.00	
Interest Income .....		10.00
	<u>\$141,299.00</u>	<u>\$141,299.00</u>

**Additional Information: (12/31/77)**

Merchandise Inventory.....	\$8,500.00
Supplies on Hand.....	340.00
Unpaid Salaries.....	240.00
FICA Taxes Payable (employer's share).....	70.00
Unexpired Insurance Premiums.....	92.00
Rent Paid in Advance.....	650.00
Accrued Interest Payable .....	35.00

The Allowance for Doubtful Accounts is to be increased by \$100.  
Depreciation on Office Furniture and Equipment (10% on cost)

4 Enter on **Line 2** the cost of goods sold. Use the following form to arrive at your answer: [2]

Merchandise Inventory, 1/1/77	_____
Merchandise Purchases	_____
Goods Available for Sale	_____
Merchandise Inventory, 12/31/77	_____
Cost of Goods Sold	_____

5 Enter on **Line 6** the total depreciation expense for the year. [1]

6 Enter on **Line 7** the FICA tax expense for the year. [1]

7 Enter on **Line 8** the rent expense for the year. [1]

8 Enter on **Line 10** the salaries expense for the year. [1]

9 Enter on **Line 11** the insurance expense for the year. [1]

10 Enter on **Line 16** the interest expense for the year. [1]

11 Enter on **Line 17** the bad debts expense for the year. [1]

12 Enter on **Line 19a** the amount that should be charged to supplies expense for the year. [1]

 **GO RIGHT ON TO THE NEXT PAGE.**

Directions (13-16): Base your answers to questions 13 through 16 on the following information and tax tables.

TABLE I

### Social Security Employee Tax Table

6.05 percent employee tax deductions

Wages		Tax to be withheld
At least	But less than	
61.41	61.58	3.72
61.58	61.74	3.73
61.74	61.91	3.74
61.91	62.07	3.75
62.07	62.24	3.76
62.24	62.40	3.77
62.40	62.57	3.78
62.57	62.73	3.79
62.73	62.90	3.80
62.90	63.06	3.81
63.06	63.23	3.82
63.23	63.39	3.83
63.39	63.56	3.84
63.56	63.72	3.85
63.72	63.89	3.86
63.89	64.05	3.87
64.05	64.22	3.88
64.22	64.39	3.89
\$64.39	\$64.55	\$3.90
64.55	64.72	3.91
64.72	64.88	3.92
64.88	65.05	3.93
65.05	65.21	3.94
65.21	65.38	3.95

The multiples of the withholding for FICA on \$100 are

Wage	Tax to be withheld
\$100	\$6.05
200	12.10
300	18.15
400	24.20
500	30.25

TABLE II

### NEW YORK STATE INCOME TAX WITHHOLDING TAX TABLE (WEEKLY)

WAGES		EXEMPTIONS CLAIMED										
At Least	Less Than	0	1	2	3	4	5	6	7	8	9	10 or more
		TAX TO BE WITHHELD										
\$ 105	\$ 110	\$ 2.50	\$ 2.00	\$ 1.50	\$ 1.00	\$ .70	\$ .30					
110	115	2.70	2.20	1.70	1.20	.80	.40	.10				
115	120	2.90	2.40	1.90	1.40	.90	.60	.20				
120	125	3.10	2.50	2.00	1.60	1.10	.70	.30				
125	130	3.30	2.70	2.20	1.70	1.20	.80	.50	.10			
130	135	3.60	2.90	2.40	1.90	1.40	1.00	.60	.20			
135	140	3.80	3.20	2.60	2.10	1.60	1.10	.70	.40			
140	145	4.00	3.40	2.80	2.20	1.80	1.30	.90	.50	.10		
145	150	4.20	3.60	3.00	2.40	1.90	1.40	1.00	.60	.30		
150	160	4.50	3.90	3.30	2.70	2.20	1.70	1.20	.80	.40	.10	
160	170	5.10	4.40	3.70	3.10	2.50	2.10	1.60	1.10	.70	.30	
170	180	5.60	4.80	4.20	3.60	3.00	2.40	1.90	1.40	1.00	.60	.20

TABLE III

### FEDERAL INCOME TAX WITHHOLDING TAX TABLE MARRIED Persons — WEEKLY Payroll Period

And the wages are—		And the number of withholding exemptions claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10 or more
		The amount of income tax to be withheld shall be—										
\$100	\$105	\$13.10	\$11.10	\$9.10	\$7.00	\$4.80	\$2.80	\$1.00	\$0	\$0	\$0	\$0
105	110	13.90	11.90	9.90	7.80	5.70	3.60	1.70	0	0	0	0
110	115	14.70	12.70	10.70	8.70	6.50	4.40	2.40	.70	0	0	0
115	120	15.50	13.50	11.50	9.50	7.40	5.30	3.10	1.40	0	0	0
120	125	16.30	14.30	12.30	10.30	8.20	6.10	4.00	2.10	.30	0	0
125	130	17.10	15.10	13.10	11.10	9.10	7.00	4.80	2.80	1.00	0	0
130	135	17.90	15.90	13.90	11.90	9.90	7.80	5.70	3.60	1.70	0	0
135	140	18.70	16.70	14.70	12.70	10.70	8.70	6.50	4.40	2.40	.70	0
140	145	19.50	17.50	15.50	13.50	11.50	9.50	7.40	5.30	3.10	1.40	0
145	150	20.30	18.30	16.30	14.30	12.30	10.30	8.20	6.10	4.00	2.10	.30
150	160	21.50	19.50	17.50	15.50	13.50	11.50	9.50	7.40	5.30	3.10	1.40
160	170	23.10	21.10	19.10	17.10	15.10	13.10	11.10	9.10	7.00	4.80	2.80
170	180	25.00	22.70	20.70	18.70	16.70	14.70	12.70	10.70	8.70	6.50	4.40
180	190	26.90	24.50	22.30	20.30	18.30	16.30	14.30	12.30	10.30	8.20	6.10
190	200	28.80	26.40	24.10	21.90	19.90	17.90	15.90	13.90	11.90	9.90	7.80

Tina Velez earned \$163 during one week in May. She is married and claims two exemptions (including herself). Her wages are subject to FICA, Federal and State withholding taxes, and disability insurance deduction. The weekly Disability Benefits tax rate is  $\frac{1}{2}$  of 1%, with a maximum deduction of 30¢.

Using the information above and the three tax tables on the previous page, compute the amount to be deducted for each of the items indicated. [4]

13 Federal income tax

14 State income tax

15 FICA taxes

16 Disability Benefits tax

---

 GO RIGHT ON TO THE NEXT PAGE.

*Directions (17–19):* Write your answers to questions 17 through 19 in the spaces provided in the separate answer booklet. Base your answers on the following information from the December 31, 1977 Balance Sheet of King & Newton. [3]

Current Assets .....	\$12,000
Fixed Assets .....	28,000
Current Liabilities .....	4,000
Fixed Liabilities .....	6,000

- 17 What is the working capital of King & Newton?
- 18 What is the current ratio for this business?
- 19 What is the total net worth, or capital, of the business?

*Directions (20–21):* Write your answers to questions 20 and 21 on the form provided in the separate answer booklet. Base your answers on the following information. [4]

The following is a partial trial balance of a partnership:

Perez, Capital .....	\$10,000
Gomez, Capital .....	20,000
Net income .....	6,000

- 20 Record the entry to divide the profit according to the Capital Ratio.  
On October 13, 1977, the Board of Directors met and declared a dividend of \$1.00 on each of 5,000 shares of stock, to be paid to holders of record on November 12, 1977.
- 21 Record the entry for the declaration of the dividend.

*Directions (22–24):* Write your answers to questions 22 through 24 in the spaces provided in the separate answer booklet. Base your answers on the following information. [4]

On May 31, 1976, Bernard Fenway's checkbook balance was \$3,824. According to the bank statement, his balance was \$3,756. He discovered that the following checks were outstanding:

#31—	\$120
#32—	75 (certified)
#33—	80

Also, the bank had deducted \$3 service charge, and a \$265 deposit made on May 31 was not recorded on the bank statement.

- 22 What is the correct available checkbook balance? [2]
- 23 Which account should be debited to record the bank service charge? [1]
- 24 Which account should be credited to record the bank service charge? [1]

Part III

Directions (25-42): Answer any 15 of the 18 questions in this group. Write the answers in the spaces provided in the separate answer booklet. [15]

- 25 The earnings of a corporation are first recorded as a credit to an account called
- 1 Dividends Payable
  - 2 Capital Stock Authorized
  - 3 Retained Earnings
  - 4 Profit & Loss Summary
- 26 A firm purchased a new delivery truck for \$2,900 and sold it four years later for \$500. The Allowance for Depreciation of Delivery Equipment account was credited for \$580 at the end of each of the four years. When the machine was sold, there was a
- 1 loss of \$80
  - 2 loss of \$1,820
  - 3 loss of \$2,400
  - 4 gain of \$80
- 27 FICA taxes are paid by
- 1 employees, only
  - 2 employers, only
  - 3 both employees and employers
  - 4 neither employees nor employers
- 28 Which phase of the data processing cycle is the same as calculating net pay in a manual system?
- 1 input
  - 2 processing
  - 3 storing
  - 4 output
- 29 Which error will cause the trial balance to be out of balance?
- 1 A sales invoice for \$60 was entered in the Sales Journal for \$600.
  - 2 A credit to office furniture in the journal was posted as a credit to office machines in the ledger.
  - 3 A debit to advertising expense in the journal was posted as a debit to miscellaneous expense in the ledger.
  - 4 A debit to office equipment in the journal was posted as a credit to office equipment in the ledger.
- 30 The collection of a bad debt previously written off will result in
- 1 a decrease in assets
  - 2 a decrease in capital
  - 3 an increase in assets
  - 4 an increase in liabilities
- 31 Which account does *not* belong in the group?
- 1 Notes Receivable
  - 2 Building
  - 3 Office Equipment
  - 4 Delivery Truck
- 32 Which is the adjusting entry to record the estimated bad debts?
- 1 Debit Allowance for Bad Debts and credit Bad Debts Expense.
  - 2 Debit Bad Debts Expense and credit Allowance for Bad Debts.
  - 3 Debit Allowance for Bad Debts and credit Accounts Receivable.
  - 4 Debit Bad Debts Expense and credit Accounts Receivable.
- 33 At the end of the year, which account should be closed into the income and expense summary?
- 1 Freight In
  - 2 Allowance for Doubtful Accounts
  - 3 Notes Receivable
  - 4 Petty Cash
- 34 Which form is prepared to aid in verifying that the customer's account balances in the customer's ledger agree with the balance in the Accounts Receivable account in the general ledger?
- 1 worksheet
  - 2 schedule of accounts payable
  - 3 schedule of accounts receivable
  - 4 trial balance
- 35 In the preparation of an income statement, failure to consider accrued wages will result in
- 1 overstating operating expense and understating net profit
  - 2 overstating net profit, only
  - 3 understating operating expense and overstating net profit
  - 4 understating operating expense, only
- 36 Which is the correct formula for determining the rate of merchandise turnover?
- 1 cost of goods sold divided by average inventory
  - 2 net sales divided by net purchases
  - 3 gross sales divided by ending inventory
  - 4 average inventory divided by cost of goods sold
- 37 Which is a legal characteristic of a corporation?
- 1 contingent liability
  - 2 limited liability
  - 3 unlimited liability
  - 4 deferred liability

- 38 A customer's check you had deposited is returned to you by the bank, labeled "Dishonored." What entries would be made as a result of this action?
- 1 Debit cash and credit customer's account.
  - 2 Debit miscellaneous expense and credit cash.
  - 3 Debit customer's account and credit capital.
  - 4 Debit customer's account and credit cash.
- 39 The total capital of a corporation may be found by *adding*
- 1 assets and liabilities
  - 2 assets and capital stock
  - 3 liabilities and capital stock
  - 4 earned surplus and capital stock
- 40 Which is the source of an entry made in the Petty Cash Book?
- |                  |                   |
|------------------|-------------------|
| 1 general ledger | 3 register        |
| 2 voucher        | 4 general journal |
- 41 Which account is debited to record interest earned but not yet due?
- 1 Deferred Interest
  - 2 Interest Receivable
  - 3 Interest Income
  - 4 Income & Expense Summary
- 42 Which form is issued by the employer to the employee at the end of the year indicating wages paid and taxes deducted?
- 1 Employee's Earnings Record
  - 2 Reconciliation of Income Tax Withheld (Form W-3)
  - 3 Withholding Tax Statement (Form W-2)
  - 4 Employer's Quarterly Federal Tax Return
-

The University of the State of New York

REGENTS HIGH SCHOOL EXAMINATION

# BOOKKEEPING AND ACCOUNTING II

Monday, June 19, 1978 — 1:15 to 4:15 p.m., only

## ANSWER BOOKLET

	Credit Allocated	Credit Earned
Part I Question 1	50	
Part II Questions 2–24	35	
Part III Questions 25–42	15	
Total	100	
Rater's Initials:.....		

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

School .....

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

All answers must be written with pen and ink.

Correct any errors by using regular bookkeeping procedures.

If you cannot answer a question in the space provided in the answer booklet, obtain another answer booklet from the teacher in charge and continue your answers in the new answer booklet.





Part II

Answer all questions in this part.  
PURCHASES JOURNAL

DATE	ACCOUNT CREDITED	ADDRESS	INVOICE		TERMS	POST. REF.	AMOUNT	
			NO.	DATE				
1978 MAY 7	Oscar J. Bentley & Co	Waterloo, N.Y.	205	5/2	2/10, n/30		370	00
15	Rhoda Goldfarb, Inc.	Yonkers, N.Y.	1301	5/11	1/10, n/60		820	00
24	Oscar J. Bentley & Co.	Waterloo, N.Y.	248	5/20	2/10, n/30		950	00

GENERAL LEDGER

MERCHANDISE PURCHASES

51

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

ACCOUNTS PAYABLE

27

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
				1978 MAY 1	Balance	✓	1300 00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER

Name Oscar Bentley & Co.  
Address 17-Circle Ave. Waterloo, N.Y.

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE

Name Rhoda Goldfarb, Inc.  
Address 233-Lawrence Circle, Yonkers, N.Y.

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE



# Profit or (Loss) From Business or Profession

(Sole Proprietorship)

Partnerships, Joint Ventures, etc., Must File Form 1065.

▶ Attach to Form 1040. ▶ See Instructions for Schedule C (Form 1040).

# 1977

Name of proprietor **WELLS, ARTHUR** Social security number **180 24 4695**

A Principal business activity (see Schedule C Instructions) ▶ **Retail**; product ▶ **Plumbing supplies**

B Business name ▶ **Wells Plumbing Supply Company**

C Employer identification number ▶ **345678**

D Business address (number and street) ▶ **2 Market Street**

City, State and ZIP code ▶ **Wappingers Falls, New York 12590**

E Indicate method of accounting: (1)  Cash (2)  Accrual (3)  Other ▶

F Was an Employer's Quarterly Federal Tax Return, Form 941, filed for this business for any quarter in 1977?  Yes  No

G Did you own the business at the end of 1977?  Yes  No

H How many months in 1977 did you own this business? ▶ **12**

I Check valuation method(s) used for total closing inventory:  cost,  lower of cost or market,  other (if "other," attach explanation).

Was there any substantial change in determining quantities, costs, or valuations between opening and closing inventory?  Yes  No  
If "Yes," attach explanation.

<b>Income</b>	1 Gross receipts or sales \$ <b>105,000.00</b> Less: returns and allowances \$ <b>2,430.00</b> Balance ▶	1	<b>102,570.00</b>
	2 Less: Cost of goods sold and/or operations (Schedule C-1, line 8)	2	
	3 Gross profit	3	
	4 Other income (attach schedule)	4	
	<b>5 Total income (add lines 3 and 4)</b>	<b>5</b>	

<b>Deductions</b>	6 Depreciation (explain in Schedule C-2)	6	
	7 Taxes on business and business property	7	
	8 Rent on business property	8	
	9 Repairs	9	
	10 Salaries and wages not included on line 3, Schedule C-1 (exclude any paid to yourself)	10	
	11 Insurance	11	
	12 Legal and professional fees	12	
	13 Commissions	13	
	14 Amortization (attach statement)	14	
	15 a Pension and profit-sharing plans (see Schedule C Instructions)	15a	
	b Employee benefit programs (see Schedule C Instructions)	b	
	16 Interest on business indebtedness	16	
	17 Bad debts arising from sales or services	17	
	18 Depletion	18	
	19 Other business expenses (specify):		
	a		
	b		
	c		
	d		
e			
f			
g			
h			
i			
j			
k			
l			
m			
n			
o			
p Total other business expenses (add lines 19a through 19o)	19p		
<b>20 Total deductions (add lines 6 through 19p)</b>	<b>20</b>		

21 Net profit or (loss) (subtract line 20 from line 5). Enter here and on Form 1040, line 13. ALSO enter on Schedule SE, line 5a ▶ **21**

Did you claim a deduction for expenses of an office in your home?  Yes  No

13 \_\_\_\_\_

14 \_\_\_\_\_

15 \_\_\_\_\_

16 \_\_\_\_\_

17 \_\_\_\_\_

18 \_\_\_\_\_

19 \_\_\_\_\_

20 - 21

ACCOUNT TITLE	DEBIT				CREDIT			

22 \_\_\_\_\_

23 \_\_\_\_\_

24 \_\_\_\_\_

Part III

Be sure to answer only fifteen questions in this group.

25.....	31.....	37.....
26.....	32.....	38.....
27.....	33.....	39.....
28.....	34.....	40.....
29.....	35.....	41.....
30.....	36.....	42.....

I do hereby affirm, at the close of this examination, that I had no unlawful knowledge of the questions or answers prior to the examination, and that I have neither given nor received assistance in answering any of the questions during the examination.

\_\_\_\_\_  
Signature

# FOR TEACHERS ONLY

## SCORING KEY

# BK BOOKKEEPING AND ACCOUNTING II

Monday, June 19, 1978 — 1:15 to 4:15 p.m., only

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

Scores should be cumulated within parts of the examination and transferred to the cover of the answer booklet.

### Part I

(1) Use the following solutions as a guide in correcting papers, but allow other correct bookkeeping methods and procedures. [50]

### GENERAL JOURNAL

Page 5

ACCOUNTS PAYABLE DEBIT	GENERAL LEDGER DEBIT	DATE	ACCOUNT TITLE AND EXPLANATION	POST. REF.	GENERAL LEDGER CREDIT	ACCOUNTS RECEIVABLE CREDIT
	50 00	1978 Apr 6	Sales Returns + Allowances			
	3 50		Sales Taxes Payable			
			James Pierce			53 50
			Credit Memo 167			
1 260 00		14	Virginia Products Corp.			
			Notes Payable		1 260 00	
			Note 24 on Acct.			
	39 20 00	* 23	Cash	—		
	80 00		Interest Expense			
			Notes Payable		40 00 00	
			Discounted our Note			
	44 50 00	30	Allowance for Doubtful Accounts			
			James Henry			44 50 00
1 260 00	4 498 50	30	Totals		5 260 00	4 985 50
	(✓)				(✓)	

### SALES JOURNAL

Page 14

DATE	ACCOUNT DEBITED	INV. NO.	TERMS	POST. REF.	ACCOUNTS RECEIVABLE DR.	SALES CR.	SALES TAXES CR.
1978 Apr 2	James Pierce	542	2/10, n/30		770 40	720 00	50 40
26	Roger Owen	543	2/10, n/30		256 80	240 00	16 80
30	Totals				1 027 20	960 00	67 20

[1]

[OVER]

CASH RECEIPTS JOURNAL

DATE	ACCOUNT CREDITED	EXPLANATION	POST. REF.	GENERAL LEDGER CR.	ACCOUNTS RECEIVABLE CR.	SALES CR.	SALES TAXES PAYABLE CR.	SALES DISCOUNT DR.	CASH DR.
1978 Apr 1	Cash Balance	\$ 7465.75	-						
9	Sales	Cash Sales for Week	-			715000	50050		765050
12	James Pierce	Payment Inv. 54, less disc.			71690			1340	70350
* 23	Notes Payable	Discounted our Note	-	392000					392000
29	Robert Harris	Inv. 480			27000				27000
30	Totals			392000	98690	715000	50050	1340	1254400
				(v)					
1978 May 1	Cash Balance	\$ 16,083.15	-						
* 23	Notes Payable OR			400000				I.E. 8000	392000
* 23	Notes Payable			400000					400000

CASH PAYMENTS JOURNAL

DATE	ACCOUNT DEBITED	EXPLANATION	CHECK NO.	POST. REF.	GENERAL LEDGER DR.	ACCTS. PAY. DR.	W. SIMPSON DRAWING DR.	PURCH. DISC. CR.	CASH CR.
1978 Apr 4	** Prepaid Insurance	Policy ZT 448	112		32100				32100
10	*** Federal Withholding Taxes Payable ) FICA Taxes Payable		113		97260				-
					46800				144060
16	Walter Simpson, Drawing		114				62500		62500
28	Baka Corporation	Inv. 268 + 529	115			155000		1000	154000
30	Totals				176160	155000	62500	1000	392660
					(v)				
	OR								
** 4	Insurance Expense				32100				32100
*** 10	Federal Withholding Taxes Payable FICA Taxes Payable FICA Tax Expense				97260				-
					23400				144060
					23400				144060
* 23	Interest Expense				8000				8000

BOOKKEEPING AND ACCOUNTING II — continued

Part II

(2) Deduct one credit for each error with a maximum deduction of two credits for each posting.

PURCHASES JOURNAL

DATE	ACCOUNT CREDITED	ADDRESS	INVOICE		TERMS	POST. REF.	AMOUNT
			NO.	DATE			
1978 May 7	Oscar J. Bentley & Co	Waterloo, N.Y.	205	5/2	2/10, n/30	✓	370.00
15	Rhoda Goldfarb, Inc.	Yonkers, N.Y.	1301	5/11	1/10, n/60	✓	820.00
24	Oscar J. Bentley & Co.	Waterloo, N.Y.	248	5/20	2/10, n/30	✓	950.00
31	Mdse. Purchases Dr / Accounts Payable Cr					51/22	2140.00

GENERAL LEDGER

MERCHANDISE PURCHASES

51

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
1978 May 31		P18	2140.00				

ACCOUNTS PAYABLE

22

DATE	EXPLANATION	POST. REF.	DEBIT	DATE	EXPLANATION	POST. REF.	CREDIT
				1978 MAY 1	Balance	✓	1300.00
				31		P18	2140.00

ACCOUNTS PAYABLE SUBSIDIARY LEDGER

Name Oscar Bentley & Co.  
Address 17-Circle Ave. Waterloo, N.Y.

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
1978 May 7	Inv. 205	P18		370.00	370.00
24	Inv. 248	P18		950.00	1320.00

Name Rhoda Goldfarb, Inc.  
Address 233-Lawrence Circle, Yonkers, N.Y.

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
1978 May 15	Inv. 1301	P18		820.00	820.00

(3) Deduct one credit for each error.

ACCOUNT TITLE	DEBIT	CREDIT
Cash	5160 00	
Accounts Receivable	385 00	
Equipment	7150 00	
Beauty Supplies	3475 00	
Utilities Expense	120 00	
Sales		3765 00
Carol DeMarco, Drawing	690 00	
Carol DeMarco, Capital		5145 00
Accounts Payable		1770 00
Mortgage Payable		6300 00
	16980 00	16980 00

(4-12) Allow two credits for the correct answer on Line 2 and one credit for all other correct answers shown below.

**SCHEDULE C**  
(Form 1040)  
Department of the Treasury  
Internal Revenue Service

**Profit or (Loss) From Business or Profession**

(Sole Proprietorship)  
Partnerships, Joint Ventures, etc., Must File Form 1065.

**1977**

▶ Attach to Form 1040. ▶ See Instructions for Schedule C (Form 1040).

Name of proprietor **WELLS, ARTHUR** Social security number **180 24 4695**

A Principal business activity (see Schedule C Instructions) ▶ **Retail**; product ▶ **Plumbing supplies**

B Business name ▶ **Wells Plumbing Supply Company**

C Employer identification number ▶ **345678**

D Business address (number and street) ▶ **2 Market Street**  
City, State and ZIP code ▶ **Wappingers Falls, New York 12590**

E Indicate method of accounting: (1)  Cash (2)  Accrual (3)  Other ▶

F Was an Employer's Quarterly Federal Tax Return, Form 941, filed for this business for any quarter in 1977?

G Did you own the business at the end of 1977?

H How many months in 1977 did you own this business? ▶ **12**

I Check valuation method(s) used for total closing inventory:  cost,  lower of cost or market,  other (if "other," attach explanation).  
Was there any substantial change in determining quantities, costs, or valuations between opening and closing inventory?  
If "Yes," attach explanation.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15a	15b	16	17	18	19
<b>Income</b>																				
1 Gross receipts or sales	\$105,000.00	Less: returns and allowances	\$2,430.00	Balance ▶		102,570.00														
2 Less: Cost of goods sold and/or operations (Schedule C-1, line 8)						55,500.00														
3 Gross profit																				
4 Other income (attach schedule)																				
5 Total income (add lines 3 and 4)																				
<b>Deductions</b>																				
6 Depreciation (explain in Schedule C-2)						350.00														
7 Taxes on business and business property						370.00														
8 Rent on business property						7,800.00														
9 Repairs																				
10 Salaries and wages not included on line 3, Schedule C-1 (exclude any paid to yourself)						19,740.00														
11 Insurance						368.00														
12 Legal and professional fees																				
13 Commissions																				
14 Amortization (attach statement)																				
15 a Pension and profit-sharing plans (see Schedule C Instructions)																				
b Employee benefit programs (see Schedule C Instructions)																				
16 Interest on business indebtedness						225.00														
17 Bad debts arising from sales or services						100.00														
18 Depletion																				
19 Other business expenses (specify):																				
a Supplies						790.00														
b																				

BOOKKEEPING AND ACCOUNTING II — *concluded*

(13–19) Allow one credit for each of the following correct answers.

- (13) \$19.10
- (14) \$3.70
- (15) \$9.86
- (16) 30¢
- (17) \$8,000.00
- (18) 3 to 1
- (19) \$30,000.00

(20–21) Deduct one credit for each error, up to a maximum of four credits.

ACCOUNT TITLE		DEBIT				CREDIT			
20	Income & Expense Summary	6	0	0	0				
	Perez, Drawing					2	0	0	0
	Gomez, Drawing					4	0	0	0
21	Retained Earnings	5	0	0	0				
	Dividends Payable					5	0	0	0

- (22) \$3,821.00 [2]
- (23) Miscellaneous Expense or Bank Service Charges [1]
- (24) Cash [1]

**Part III**

Fifteen of eighteen required. Allow one credit for each answer. (If more than fifteen questions are answered, rate only the first fifteen.)

- |        |        |        |
|--------|--------|--------|
| (25) 3 | (31) 1 | (37) 2 |
| (26) 1 | (32) 2 | (38) 4 |
| (27) 3 | (33) 1 | (39) 4 |
| (28) 2 | (34) 3 | (40) 2 |
| (29) 4 | (35) 3 | (41) 2 |
| (30) 3 | (36) 1 | (42) 3 |