

The University of the State of New York

326TH HIGH SCHOOL EXAMINATION

BOOKKEEPING II

Wednesday, January 25, 1956 — 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.

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

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 On December 12, 1955, you were employed as the bookkeeper for the firm of Adams and Myers and instructed to carry the following totals forward in the five journals indicated below:

General Journal: Debit side — Accounts Payable \$310
General Ledger \$290
Credit side — General Ledger \$245
Accounts Receivable \$355

Cash Receipts Journal: General Ledger \$800
Accounts Receivable \$1,320
Sales Discount \$26.40
Net Cash \$2,093.60

Cash Payments Journal: General Ledger \$320
Accounts Payable \$695
Salaries — no amount yet recorded
Withholding Taxes Payable — no amount yet recorded
F.I.C.A. Taxes Payable — no amount yet recorded
Purchase Discount \$21
Net Cash \$994

Sales Journal: \$2,375

Purchases Journal: \$1,162

After you have carried the footings forward, make, with sufficient explanations, entries for the following selected transactions, checking all items that should not be posted separately:

- December 12 Issued a check to the United Insurance Co. for \$250 in payment of a fire insurance premium.
December 13 Sold to Herbert Aber, Monsey, N. Y., merchandise for \$330, terms 2/10, N/30. Prepaid the \$20 freight on the shipment and charged it to Herbert Aber's account.
December 14 Bought from the Highland Manufacturing Co., Ithaca, N. Y., merchandise amounting to \$985, terms 3/10, N/30.
December 15 Drew a check for \$244 to cover the following payroll taxes for the month of November:
Withholding taxes \$180
F.I.C.A. taxes deducted from employees' salaries 32
Employer's contribution to Social Security tax 32
December 16 Returned to the Highland Manufacturing Co. damaged merchandise amounting to \$85 purchased on December 14.
December 19 Paid employees' salaries for the week. The gross salaries amounted to \$400. From this amount, we deducted \$45 for withholding taxes and \$8 for the F.I.C.A. tax.
December 20 We discovered that we had made an error in recording a sale of merchandise, amounting to \$240, made to Arthur Sampson on November 28. We had incorrectly charged Walter Simpson's account. Make the necessary entry to correct this error.

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- December 23 Received a check from Herbert Aber for \$343.40 in payment of invoice of December 13, less the discount and plus the freight charge.
- December 24 Issued a check to the Highland Manufacturing Co. in payment of invoice of December 14, less the return of December 16 and less the 3% discount.
- December 27 Received a check for \$606 from Henry Hopkins in payment of his 60-day interest-bearing note due today. The face of the note was \$600, interest \$6.
- December 29 George Adams, a partner, withdrew \$150 in cash for personal use.
- December 30 Received \$80 cash for a cash sale made today.

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

- b* Post to the accounts in the general and subsidiary ledgers 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 December 31, 1955? The cash balance on December 1, 1955, was \$6,300. [2]

2 From the following trial balance and additional information, prepare the profit and loss statement. The profit and loss statement for the preceding period is given on the next page. You may use this as a guide in preparing the current profit and loss statement. [Distribution section not required.] [15]

BRODY & WILSON

Trial Balance

December 31, 1955

Cash .....	\$ 11,320	.....
Notes Receivable .....	2,840	.....
Accounts Receivable .....	96,000	.....
Reserve for Bad Debts .....		\$ 520
Merchandise Inventory Jan. 1, 1955 .....	141,000	.....
Office Equipment .....	5,200	.....
Reserve for Depreciation of Office Equipment .....		1,000
Accounts Payable .....		72,130
Notes Payable .....		22,500
Withholding Taxes Payable .....		2,800
F.I.C.A. Taxes Payable .....		60
George Brody, Capital .....		80,000
Arthur Wilson, Capital .....		60,000
George Brody, Personal .....	9,700	.....
Arthur Wilson, Personal .....	7,300	.....
Sales Income .....		790,700
Sales Returns & Allowances .....	10,700	.....
Merchandise Purchases .....	630,150	.....
Purchase Returns & Allowances .....		6,200
Freight In .....	21,450	.....
Office Supplies .....	2,900	.....
Rent .....	9,400	.....
Taxes .....	5,100	.....
Salesmen's Commissions .....	52,950	.....
Office Salaries .....	12,700	.....
Shipping Supplies .....	9,600	.....
Insurance .....	2,200	.....
Advertising .....	1,800	.....
Sales Discount .....	14,700	.....
Purchase Discount .....		12,500
Interest Cost .....	1,400	.....
	<u>\$1,048,410</u>	<u>\$1,048,410</u>

Additional Information, December 31, 1955

Merchandise Inventory, December 31, 1955 .....	\$165,000
Office Supplies Inventory .....	210
Salesmen's Commissions Payable .....	3,450
Prepaid Insurance .....	310
Accrued Interest on Notes Payable .....	20
Depreciation of Office Equipment 10% of cost .....	.....
Additional Allowance for Bad Debts .....	1,400

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BRODY & WILSON

Statement of Profit and Loss

January 1, 1954–December 31, 1954

<i>Merchandise Sales</i>				
Gross Sales .....			\$685,300	
Less: Sales Returns & Allowances .....		\$ 9,200		
Sales Discount .....		12,700	21,900	
			<hr/>	
Net Sales .....				\$663,400
<i>Cost of Goods Sold</i>				
Merchandise Inventory 1/1/54 .....			122,300	
Merchandise Purchases .....		546,000		
Add: Freight In .....		18,500		
			<hr/>	
Total Purchases .....		564,500		
Less: Purchase Returns & Allowances .....	\$ 5,300			
Purchase Discount .....	10,500	15,800		
			<hr/>	
Net Purchases .....			548,700	
			<hr/>	
Total Cost of Goods for Sale .....			671,000	
Less: Merchandise Inventory 12/31/54 .....			141,000	
			<hr/>	
Cost of Goods Sold .....				530,000
				<hr/>
Gross Profit .....				133,400
<i>Operating Expense</i>				
Office Supplies .....			2,400	
Rent .....			7,000	
Taxes .....			4,400	
Salesmen's Commissions .....			45,700	
Office Salaries .....			11,900	
Shipping Supplies .....			8,400	
Insurance .....			1,900	
Advertising .....			1,500	
Interest Cost .....			1,150	
Depreciation of Office Equipment .....			500	
Bad Debts .....			1,150	
			<hr/>	
Total Operating Expense .....				86,000
				<hr/>
Net Profit .....				\$ 47,400
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BOOKKEEPING II — *continued*

Part II

Answer either question 3 or question 4.

3 Answer the following questions based on the payroll given below :

ROYAL MANUFACTURING COMPANY  
Payroll for the week ending January 6, 1956

Employee	Exemptions	Total hours worked	Wage rate	Total wage	DEDUCTIONS			Net amount paid
					F.I.C.A. tax	N. Y. State disability tax	Withholding tax	
Robert Kramer	2	38	\$1.20	\$ 45.60	\$ .91	\$ .23	\$ 3.60	\$ 40.86
George Cooke	3	46	1.80	88.20	1.76	.30	9.10	77.04
Ralph Davis	1	42	1.10	47.30	.95	.24	6.20	39.91
TOTALS	—	—	—	\$181.10	\$3.62	\$ .77	\$18.90	\$157.81

- a The employees in this company are paid time-and-a-half for all time worked beyond 40 hours per week. Show how the total wage for George Cooke was computed. [3]
- b How was the New York State Disability Insurance tax determined  
 (1) for Robert Kramer? [2]  
 (2) for George Cooke? [2]
- c From what source did the bookkeeper obtain the information shown in the Withholding Tax column? [2]
- d What is the amount of pay that Ralph Davis should find in his pay envelope? [2]
- e What is the total amount of cash that should be drawn from the bank to meet the payroll? [2]
- f What is meant by an *exemption*? [2]

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4 The accounts shown below appear on the books of the Textile Products Co.

ACCOUNTS RECEIVABLE

1955					1955				
Jan.	1	Balance		83,500	Jan.	31	CR	23	76,400
	31		S 47	68,700		31	GJ	11	1,400
Feb.	28		S 77	59,300	Feb.	28	CR	45	56,900
Mar.	31		S 110	67,400	Mar.	31	CR	69	58,600

ALFRED BARTON

Address: 110 Williams St.  
Chicago, Ill.

Terms: 2/10 N/30

1955					1955				
Jan.	10		S 36	250	Jan.	20	CR	17	250
Feb.	23		S 69	175	Feb.	27	GJ	14	75
Mar.	19		S 94	310	Mar.	15	CR	52	100

Answer the following questions relating to these accounts:

- a In what ledger does Alfred Barton's account appear? [1]
- b In what ledger does the Accounts Receivable account appear? [1]
- c How does the bookkeeper test the accuracy of the ledger in which Alfred Barton's account appears? [2]
- d Why were two postings made to the credit side of the Accounts Receivable account on January 31? [2]
- e Write a transaction that could have given rise to the entry in Alfred Barton's account on February 27. [2]
- f What is the balance of Alfred Barton's account? [1]
- g What is the last day by which this balance should be paid to take advantage of the cash discount? [2]
- h Write the transaction that gave rise to the entry in Alfred Barton's account on March 15. [2]
- i What does the amount entered on the credit side of the Accounts Receivable account on March 31 represent? [2]

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**Part III**

**Answer either question 5 or question 6.**

5 Write in two-column journal form the entries to record each of the following. [Dates and explanations are to be omitted.]

- a When you receive the bank statement at the end of the month, there is a slip enclosed with it indicating a bank service charge of \$6.45. [2]
- b It is the end of the business year and the books are being adjusted. The estimated depreciation of delivery equipment is \$1,000. [2]
- c The net profit for the year for Harold Power's business is \$36,000. Make the entry to close the Profit and Loss account. [2]
- d A bill for office supplies amounting to \$50 was debited to the Office Equipment account in error. [2]
- e When the books are being adjusted and closed, interest accrued on notes receivable amounts to \$65. [2]

Wednesday, January 25, 1956

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 expression that best completes the statement. [One credit for each correct answer.] [10]

- a In the absence of an agreement, partners share profits and losses .... a.....
- b Business firms usually keep their books on the ... basis so that all items of expense and income are recorded in the accounting periods during which they were incurred or earned. b.....
- c One advantage of the corporate form of organization as compared with the partnership is the element of ... liability. c.....
- d The entries in the sales journal are made from the duplicate .... d.....
- e A delivery truck costing \$4,500 has an estimated life of 5 years and a trade-in value of \$500. The amount of the average annual depreciation is \$. . . . e.....
- f The ratio used to determine the ability of a business to pay its debts as they fall due is the ... ratio. f.....
- g In a shipment of goods F.O.B. Buffalo to a customer in New York City, the freight charges must be borne by the .... g.....
- h Every payment from the petty cash fund should be evidenced by a (an) .... h.....
- i An endorsement reading "Pay to the Center National Bank for deposit (signed) Walter White" is a (an) ... endorsement. i.....
- j The abbreviation E.O.M. on an invoice means .... j.....

[6]

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