

The University of the State of New York

REGENTS HIGH SCHOOL EXAMINATION

BOOKKEEPING II

Wednesday, June 19, 1957 — 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.....

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:

[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 FIVE 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, General Expense, Purchase Discount, Net Cash

*Sales Journal*

*Purchase Journal* is not required.

Morton Henry and Alan Jerome are partners in a dress manufacturing business. On April 1, 1957, the business had a bank balance of \$2,337.97. Make, with sufficient explanations, entries for the following selected transactions, checking all items that should *not* be posted separately:

- April 3 Bought a typewriter for office use for \$178 from the National Typewriter Co. Issued check No. 101 in full payment.
- April 5 Sold merchandise to Charles Herbert & Co. of Riverhead, N. Y., for \$785, terms  $\frac{2}{10}, N/30$ . We prepaid the freight charge on this shipment by issuing check No. 102 for \$50, and charged it to the customer's account.
- April 8 Issued check No. 103 for \$20 to the Superior Towel Service Co. for the monthly towel service.
- April 10 Charles Herbert & Co. returned \$85 worth of the goods sold them on April 5 because those goods were not what they had ordered. We gave them credit.
- April 11 Issued check No. 104 for \$23 to the Acme Express Co. for freight on goods we had purchased.
- April 15 Received a check from Charles Herbert & Co. in full payment of invoice of April 5, less the return of April 10, less the 2% discount and plus the prepaid freight.
- April 16 Sold merchandise to the Smart Girls Dress Shop of Ithaca, N. Y., for \$600, terms 10-day note.
- April 19 Received a 10-day note for \$600 from the Smart Girls Dress Shop for invoice of April 16.
- April 22 Issued check No. 105 for \$186.50 to the New York State Unemployment Insurance Fund in payment of the State Unemployment Insurance Taxes for the past quarter.

- April 23 Issued check No. 106 for \$15 to the Window Cleaning Co. in payment of services rendered to us.
- April 26 Received a check for \$600 from the Smart Girls Dress Shop in payment of the note due today.
- April 28 We discovered that we made an error last month in making an entry for the purchase of goods from the Stevens Mills for \$870, terms  $N/_{30}$ . We had credited the R. K. Stevens Co. by mistake. Make the necessary correction entry.
- April 29 Issued check No. 107 to the Jual Silk Mills in payment of invoice of March 29 for \$900, less a discount of 3%.

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 *Sales Journal* and the *Cash Receipts Journal*. 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 bank balance on April 30, 1957? [2]

2 Each of the following items belongs in either the balance sheet or the profit and loss statement. By means of a check mark (✓) in the appropriate column, indicate the specific section in which *each* item belongs. [One credit for each correct answer.] [15]

|  | Balance Sheet |           |         | Profit and Loss |                   |
|--|---------------|-----------|---------|-----------------|-------------------|
|  | Asset         | Liability | Capital | Trading         | Operating Expense |
| <i>Example:</i> Cash .....   | ✓             |           |         |                 |                   |
| <i>a</i> Salesmen's Commissions .....                              |               |           |         |                 |                   |
| <i>b</i> Withholding Taxes Payable.....                            |               |           |         |                 |                   |
| <i>c</i> Depreciation of Office Equipment.....                     |               |           |         |                 |                   |
| <i>d</i> Prepaid Insurance .....                                   |               |           |         |                 |                   |
| <i>e</i> Proprietor's Personal Account.....                        |               |           |         |                 |                   |
| <i>f</i> Office Supplies Used.....                                 |               |           |         |                 |                   |
| <i>g</i> Mortgage Payable .....                                    |               |           |         |                 |                   |
| <i>h</i> Reserve for Bad Debts.....                                |               |           |         |                 |                   |
| <i>i</i> Merchandise Purchases .....                               |               |           |         |                 |                   |
| <i>j</i> Taxes .....   |               |           |         |                 |                   |
| <i>k</i> Sales Returns and Allowances.....                         |               |           |         |                 |                   |
| <i>l</i> Freight Inward .....                                      |               |           |         |                 |                   |
| <i>m</i> State Unemployment Insurance Taxes Payable                |               |           |         |                 |                   |
| <i>n</i> Merchandise Inventory (beginning of period)               |               |           |         |                 |                   |
| <i>o</i> Reserve for Depreciation of Delivery Equip-<br>ment ..... |               |           |         |                 |                   |

[2]

**Part II**

Answer either question 3 or question 4.

3 Answer the following questions which are based on the payroll shown below:

**SAM WHITE & COMPANY**  
Payroll for the week ending *April 19, 1957*

## DEDUCTIONS

| Employee       | Exemptions | Gross Earnings | Withholding taxes | F. I. C. A. taxes | N. Y. State Disability Insurance | Net Pay  |
|----------------|------------|----------------|-------------------|-------------------|----------------------------------|----------|
| Helen Weston   | 1          | \$ 52.00       | \$ 7.10           | \$1.17            | \$ .26                           | \$ 43.47 |
| Martin Green   | 2          | 75.00          | 8.90              | 1.69              | .30                              | 64.11    |
| George Higgins | 3          | 136.00         | 17.80             | 3.06              | .30                              | 114.84   |
| —              | —          | \$263.00       | \$33.80           | \$5.92            | \$ .86                           | \$222.42 |

- a* Explain how the payroll clerk determined the F. I. C. A. tax for George Higgins. [2]  
*b* Explain how the payroll clerk determined the New York State Disability Insurance deduction for (1) Helen Weston, (2) Martin Green. [4]  
*c* How would a payroll clerk normally determine the amount of the withholding tax deduction for each employee? [2]  
*d* How much should Helen Weston find in her pay envelope? [2]  
*e* In journal form, indicate the accounts and amounts to be debited and credited to record the withdrawal of cash to meet the above payroll. [No explanation is required.] [5]

4 Answer *a*, *b*, *c* and *d*:

- a* Prepare the bank reconciliation for Arthur Jay from the following information:

On May 31, 1957, Mr. Jay's checkbook showed a balance of \$367.33. The bank statement which he received from the Harbor National Bank showed a balance of \$245.05 for May 31. The bank had deducted \$4.65 as a service charge. Mr. Jay found that the following checks were outstanding: No. 168, \$27.92; No. 172, \$48.25; No. 174, \$6.20. Mr. Jay also discovered that the bank had not given him credit for a \$200 deposit he had made by mail on May 31. [8]

- b* If you had to prepare the bank reconciliation for Mr. Jay, how would you know which checks were outstanding? [3]  
*c* Why was the deposit made by mail on May 31 *not* shown on the bank statement? [2]  
*d* Make the entry in journal form to record the bank service charge. [No explanation is required.] [2]

Part III

Answer either question 5 or question 6.

5 Answer *a*, *b* and *c*:

- a* In the classroom, the bookkeeping student makes his entries from an exercise containing a series of printed transactions. On the job, the bookkeeper obtains this information from various business papers. For *each* of the following transactions, write the name of the business paper or other source from which the bookkeeper makes his entries. [6]
- (1) Sold merchandise to Alfred Higgins for \$250, terms  $2/10, N/30$ .
  - (2) Bought merchandise from George Wallace for \$900, terms  $N/60$ .
  - (3) Received a check from Charles Taub in payment of an invoice amounting to \$600, less a 2% discount.
  - (4) Gave the office boy \$6.00 from the petty cash fund to buy 200 3-cent postage stamps.
  - (5) William Benson, a customer, returned \$75 worth of merchandise to us. We gave him credit.
  - (6) Sent a check to George Wallace in full payment of his account.
- b* Give *one* reason why a bookkeeper should *not* erase an entry made in the books. [2]
- c* A \$200.00 note that we had received from Robert Warren, a customer, was dishonored at maturity. Make the entry in journal form to record this transaction. [No explanation is required.] [2]

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; no partial credit.] [10]

- |  |        |
|--|--------|
| <i>a</i> The last day by which an invoice dated March 21, terms $N/60$ , should be paid is ....  | a..... |
| <i>b</i> One advantage of the corporate form of organization as compared with the partnership is that the stockholders have ... liability. | b..... |
| <i>c</i> Current assets minus current liabilities equals ....  | c..... |
| <i>d</i> An endorsement that reads "George Blake" is a (an) ... endorsement.   | d..... |
| <i>e</i> A (an) ... check is one on the face of which is the bank's stamp that the check is good.  | e..... |
| <i>f</i> The ratio that shows the number of times that the average inventory has been sold during a given year is known as ....            | f..... |
| <i>g</i> When goods are shipped terms "f.o.b. shipping point," the ... must eventually pay for the freight charges.                        | g..... |
| <i>h</i> One method of judging the ability of a business to pay its debts as they become due is to apply the ... ratio.                    | h..... |
| <i>i</i> When we discount a note given to us by a customer, we assume a (an) ... liability.  | i..... |
| <i>j</i> The difference between the cost of a fixed asset and its reserve for depreciation is known as the ... of the asset.               | j..... |