

The University of the State of New York

REGENTS HIGH SCHOOL EXAMINATION

BOOKKEEPING II

Thursday, June 18, 1959 — 9:15 a. m. to 12:15 p. m., only

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, c, and d* :

a Use the following *four* journals with special columns as indicated :

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

Sales Journal

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

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

Howard Ritter owns and operates a wholesale automobile parts and accessories business in Rochester, New York. On April 1, 1959, the business had a bank balance of \$8,925.

Record the bank balance in the cash book. Make, with sufficient explanations, entries for the following selected transactions, checking all items that should not be posted separately :

April 1 Sold to Waverly Tire Co., Utica, New York, auto tires invoiced at \$472, terms $\frac{2}{10}$, $\frac{N}{30}$, F.O.B. Utica.

April 2 Drew a check for \$60 to establish the petty cash fund, and cashed it at the bank.

April 4 Bought a calculating machine from the Eagle Office Equipment Co. for \$925, terms a 60-day, 6% interest-bearing note. We sent them our note.

April 6 The cash register showed cash sales of auto accessories for today amounting to \$89.60.

- April 7 Sold to the Parkway Garage, Corning, New York, auto parts invoiced at \$254.60, terms $\frac{2}{10}$, $N/30$, F.O.B. Corning.
- April 8 Received a credit memorandum from Borg Auto Parts Co. for \$35 for damaged goods we had returned.
- April 10 Sent a check to the Acme Express Co. for \$86.40 for cartage as follows: on shipments of merchandise to our customers \$72.20; on shipments of merchandise to us \$14.20.
- April 11 Received a check from the Waverly Tire Co. for \$462.56 in payment of the invoice of April 1, less the 2% discount.
- April 13 Mailed a check to Borg Auto Parts Co. for the invoice of March 14 for \$926.50, less the return of April 8 of \$35. Terms of the purchase were $\frac{2}{10}$, $\frac{1}{30}$, $N/60$.
- April 14 Mailed a check to the Director of Internal Revenue for \$392.40 for the balance due on the 1958 personal income tax of Mr. Ritter, the proprietor.
- April 15 The shipment to the Parkway Garage of April 7 was sent F.O.B. shipping point, in error. We allowed the customer a credit for the amount of the freight charges to Corning, New York, which he had paid, \$27.60.
- April 24 An examination of the cash register showed that cash in the drawer was over by \$4.25.
- April 25 Issued a check for \$139.40 to the New York State Unemployment Insurance Fund in payment of the unemployment insurance taxes for the past quarter.
- April 27 Sold to Warner Garage, Buffalo, New York, auto accessories invoiced at \$193.50, terms $\frac{2}{10}$, $N/30$, F.O.B. Buffalo.

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

b Assume that you are in charge of the Accounts Receivable Ledger. Post to the customer accounts in that ledger from the *Sales Journal*, the *General Journal* and the *Cash Receipts Journal*. Show all dates and folio numbers. [Do not post to the General Ledger. Do not post to the Accounts Payable Ledger.] [5]

c Prepare a schedule of the Accounts Receivable Ledger as of April 30, 1959. [3]

d What is the bank balance on April 30, 1959? [Indicate this balance in the Cash Receipts Journal, using the method you have been taught.] [2]

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2 From the following trial balance and additional information, prepare a classified balance sheet. A form which may be used for answering this question is on page 4. Not all spaces on this form need necessarily be filled in. [15]

HOME APPLIANCE CORPORATION

Trial Balance

December 31, 1958

| | | |
|--|------------------|------------------|
| Cash | \$19,632 | ..... |
| Petty Cash | 100 | ..... |
| Notes Receivable | 8,500 | ..... |
| Accounts Receivable | 30,500 | ..... |
| Reserve for Bad Debts | | \$ 515 |
| Merchandise Inventory — Jan. 1, 1958 | 28,500 | ..... |
| Furniture and Fixtures | 4,800 | ..... |
| Reserve for Depreciation of Furniture and Fixtures | | 960 |
| Delivery Equipment | 9,600 | ..... |
| Reserve for Depreciation of Delivery Equipment | | 2,260 |
| Notes Payable | | 2,570 |
| Accounts Payable | | 18,365 |
| Withholding Taxes Payable | | 640 |
| F.I.C.A. Taxes Payable | | 45 |
| Capital Stock | | 40,000 |
| Earned Surplus — Jan. 1, 1958 | | 15,740 |
| Sales | | 150,420 |
| Sales Returns and Allowances | 2,450 | ..... |
| Purchases | 95,620 | ..... |
| Purchases Returns and Allowances | | 1,040 |
| Freight In | 3,290 | ..... |
| Office Supplies | 150 | ..... |
| Insurance | 375 | ..... |
| Delivery Expenses | 1,620 | ..... |
| Sales Salaries | 19,100 | ..... |
| Office Salaries | 8,400 | ..... |
| Miscellaneous Taxes | 1,810 | ..... |
| F.I.C.A. Taxes | 500 | ..... |
| State Unemployment Insurance Taxes | 488 | ..... |
| Rent | 1,800 | ..... |
| Interest Expense | 140 | ..... |
| Discount on Purchases | | 4,560 |
| Interest Income | | 260 |
| | <u>\$237,375</u> | <u>\$237,375</u> |

Additional Information, December 31, 1958

| | |
|--|----------|
| Merchandise Inventory | \$23,420 |
| Office Supplies (Inventory) | 30 |
| Insurance (Prepaid) | 50 |
| F.I.C.A. Taxes Payable (employer's obligation) | 45 |
| State Unemployment Insurance Taxes Payable | 160 |
| Federal Unemployment Taxes Payable | 81 |
| Depreciation of Furniture and Fixtures 10% of cost ..... | ..... |
| Depreciation of Delivery Equipment 20% of cost ..... | ..... |
| Additional Allowance for Bad Debts | 400 |
| The net profit for the year was | 12,451 |

BALANCE SHEET

of.....
As of..... 19.....

| <i>ASSETS</i> | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| <u>Current Assets</u> | | | | | | | | | |
| Cash | | | | | | | | | |
| Petty Cash | | | | | | | | | |
| Notes Receivable | | | | | | | | | |
| Less Notes Receivable Discounted | | | | | | | | | |
| Accrued Interest Receivable | | | | | | | | | |
| Accounts Receivable | | | | | | | | | |
| Less Reserve for Bad Debts | | | | | | | | | |
| Merchandise Inventory | | | | | | | | | |
| Total Current Assets | | | | | | | | | |
| <u>Deferred Expenses</u> | | | | | | | | | |
| Insurance | | | | | | | | | |
| Office Supplies | | | | | | | | | |
| Total Deferred Expenses | | | | | | | | | |
| <u>Fixed Assets</u> | | | | | | | | | |
| Land and Buildings | | | | | | | | | |
| Less Reserve for Depreciation | | | | | | | | | |
| Furniture and Fixtures | | | | | | | | | |
| Less Reserve for Depreciation | | | | | | | | | |
| Delivery Equipment | | | | | | | | | |
| Less Reserve for Depreciation | | | | | | | | | |
| Total Fixed Assets | | | | | | | | | |
| TOTAL ASSETS | | | | | | | | | |
| <i>LIABILITIES</i> | | | | | | | | | |
| <u>Current Liabilities</u> | | | | | | | | | |
| Notes Payable | | | | | | | | | |
| Accrued Interest Payable | | | | | | | | | |
| Accounts Payable | | | | | | | | | |
| Withholding Taxes Payable | | | | | | | | | |
| F.I.C.A. Taxes Payable | | | | | | | | | |
| State Unemployment Insurance Taxes Payable | | | | | | | | | |
| Federal Unemployment Taxes Payable | | | | | | | | | |
| Accrued Salaries Payable | | | | | | | | | |
| Total Current Liabilities | | | | | | | | | |
| <u>Deferred Income</u> | | | | | | | | | |
| Rent Income Received in Advance | | | | | | | | | |
| TOTAL LIABILITIES | | | | | | | | | |
| <i>CAPITAL</i> | | | | | | | | | |
| Capital Stock | | | | | | | | | |
| Earned Surplus Jan. 1, 19..... | | | | | | | | | |
| Add Net Profit for the year 19..... | | | | | | | | | |
| Earned Surplus Dec. 31, 19..... | | | | | | | | | |
| TOTAL CAPITAL | | | | | | | | | |
| TOTAL LIABILITIES AND CAPITAL | | | | | | | | | |

Part II

Answer either question 3 or question 4.

3 Answer all parts of this question.

a The totals of the columns in the Payroll Record for the week ending February 21, 1959, are as follows:

| | TOTAL EARNINGS | WITHHOLDING TAXES | F.I.C.A. TAXES | N. Y. S. DISABILITY INSURANCE | TOTAL DEDUCTIONS | NET PAY |
|-------------|-------------------|----------------------|-------------------|----------------------------------|---------------------|----------|
| Totals..... | \$543.30 | \$56.70 | \$13.56 | \$2.31 | \$72.57 | \$470.73 |

Prepare in two-column journal form the entry to be made for the weekly payroll. [No explanation is required.] [5]

b On March 9 a check was sent to the government depository for taxes deducted from employees' salaries during the month of February and for the employer's share of F.I.C.A. taxes as follows:

| | |
|--|----------|
| Withholding Taxes | \$274.80 |
| F.I.C.A. Taxes (employees' share)..... | 55.10 |
| F.I.C.A. Taxes (employer's share)..... | 55.10 |

Prepare in two-column journal form the entry to be made for this payment. [No explanation is required.] [5]

c Although each of two employees earned \$75 in one week, the withholding tax deducted from one was \$8.90 and from the other \$4.30. Give *one* reason that might account for this difference. [2]

d Name *one* of the benefits that will be received by an employee under the Federal Insurance Contributions Act (F.I.C.A.). [2]

e What are the maximum earnings per year on which an employee pays the F.I.C.A. tax? [1]

4 Answer all parts of this question.

a You are the bookkeeper for the owner of a wholesale cotton and rayon business. You have been providing your employer each month with the total amount of merchandise bought and sold. He now informs you that hereafter he wishes to have the sales figures divided as to cottons and rayons and the purchase figures divided in the same manner as to cottons and rayons.

(1) What changes would you recommend in the form of the Purchase Journal and the Sales Journal? [3]

(2) How will these changes affect the accounts in the General Ledger? [2]

b The bookkeeper neglects to post an entry from the Purchase Journal to a creditor's account. The totals for the journal were posted correctly to the General Ledger.

What effect will this have on the Schedule of Accounts Payable and on the Trial Balance? [3]

c When a purchase invoice is received from a creditor, it is usually checked with the office copy of the purchase order. Name *three* items on the purchase invoice which you would check against the purchase order. [3]

d The bookkeeper usually makes the entry in the Sales Journal from the duplicate of the sales invoice. What is done with the *original* sales invoice? [2]

e Explain *one* method you would use to determine whether or not to extend credit to a new customer. [2]

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 may be omitted.] [10]
- a* At the end of the business year, accrued salaries amount to \$580.
 - b* At the end of the business year, the estimated depreciation of Office Fixtures is \$250.
 - c* At the end of the business year, the interest accrued on notes receivable is \$25.
 - d* The bank statement just received shows a service charge of \$6.40.
 - e* Henry Fisher, a customer owing us \$900, has been declared a bankrupt. His account is a total loss. (There is a balance of \$1,500 in the Reserve for Bad Debts account.)
- 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]
- a* The maturity date of a note dated July 31 and due in two months is a.....
 - b* One of the legal characteristics of a general partnership is ... liability. b.....
 - c* A bank draft received from a customer is recorded in the ... journal. c.....
 - d* The difference between the cost of a fixed asset and its reserve for depreciation is known as the ... of the asset. d.....
 - e* The difference between current assets and current liabilities is called e.....
 - f* Freight paid by the shipper on goods sold is shown in the ... section of his profit and loss statement. f.....
 - g* A check issued on May 20, 1959, but dated May 31, 1959, is called a(an) ... check. g.....
 - h* The best endorsement to use when mailing a check for deposit in a bank is a(an) ... endorsement. h.....
 - i* In the absence of any statement in the copartnership agreement as to the manner of sharing profits and losses, such profits and losses will be shared i.....
 - j* The sale of a television set for \$250 less a trade discount of 20% should be entered in the Sales Journal for \$.... j.....