

The University of the State of New York

308TH HIGH SCHOOL EXAMINATION

BOOKKEEPING II

Wednesday, January 25, 1950 — 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.

Answer four questions, including both of the questions in group I, one question from group II and one question from group III.

Group I

Answer both questions in this group.

1 Use general journal, cashbook and petty cashbook. Columns required in the general journal are: Debit side — Notes Receivable, Accounts Payable, General Ledger; Credit side — General Ledger, Accounts Receivable, Notes Payable. Columns required in the cashbook are: on the receipts side — General Ledger, Accounts Receivable, Sales Discount, Net Cash; on the payments side — General Ledger, Accounts Payable, Purchase Discount, Net Cash. Columns required in the petty cashbook are: Date, Explanation, Receipts, Payments, Stationery and Postage, Expressage In, and under Sundry Items, columns for Account Debited and Amount.

On December 1, 1949, the firm of Jordan & Moore had a bank balance of \$1,875 and \$35 in currency in the petty cash box.

Record the bank balance in the firm's cashbook and the petty cash balance in the petty cashbook. Make, with sufficient explanations, the necessary entries to record the following selected transactions, checking all items that are not to be posted separately.

- December 2 Issued check to James E. Snyder in settlement of invoice dated November 6 for \$470, terms $\frac{2}{10}$, $\frac{1}{30}$, $\frac{N}{60}$.
- December 3 Paid the Martin Office Supply Co. 75¢ in currency for a ream of yellow paper to be used for office correspondence.
- December 5 Sent Wellman's Garage a check for \$8.95 in payment for gasoline and oil supplied to our delivery truck today.
- December 6 We accepted a 30-day trade acceptance for \$650 drawn on us by Nolan Bros. in accordance with terms of purchase of December 4.
- December 7 Received from the Defiance Sales Co. a check for \$372.40 in full settlement of invoice of November 28 for \$380 less 2%.
- December 12 Paid \$8.50 in currency to William Tripp for repairs to plumbing.
- December 14 James Doughty, a customer, owed us \$675.50 on account. In settlement he sent us his check for \$275.50 and a 60-day 6% interest-bearing note for the balance.
- December 16 Paid the Freeman Transportation Co. \$2.90 in currency for express charges on shipment of two cases of merchandise received by us.
- December 20 Donated to the Veterans' Bazaar merchandise costing \$25.
- December 21 Ordered from the catalog of a dealer with whom we have no account merchandise amounting to \$17.50 and enclosed our check with the order.
- December 23 Received notice from our bank that our account had been credited with the collection of Stone & Co.'s 30-day note with interest at 6%. The face of the note was \$450. This note had been left with them for collection.

- December 27 Issued a check for \$10 as a refund to a cash customer for merchandise returned by him.
- December 29 Sent a check to the County Savings Bank for \$143.75 in payment of the following: \$120 installment due on mortgage on building, and \$23.75 mortgage interest.
- December 31 Drew check No. 186 to restore the petty cash fund to its original balance. [In making the entry for replenishment, use the method that you have been taught.]

Close the cashbook and bring down the balance. Balance the petty cashbook. Foot and rule the general journal. Indicate clearly how totals are to be posted but do not post. [50]

2 From the following trial balance and additional information, prepare the classified statement of profit and loss. The partnership agreement provides that profits and losses are to be shared equally. [25]

OGDEN & SHEPARD
Trial Balance, December 31, 1949

Cash	\$ 4,026	.....
Notes Receivable	2,900	.....
Accounts Receivable	8,680	.....
Reserve for Bad Debts .....	.....	\$ 314
Merchandise Inventory, January 1, 1949.....	16,632	.....
Furniture and Fixtures.....	1,895	.....
Reserve for Dep. of Furniture and Fixtures.....	.....	650
Notes Payable .....	.....	1,260
Accounts Payable .....	.....	4,356
Steven Ogden, Capital.....	.....	12,500
Steven Ogden, Personal.....	4,000	.....
Lawrence Shepard, Capital.....	.....	11,176
Lawrence Shepard, Personal.....	3,500	.....
Sales Income .....	.....	68,735
Sales Returns and Allowances.....	790	.....
Purchases	45,360	.....
Purchase Returns and Allowances.....	.....	536
Freight and Cartage In.....	896	.....
Rent	1,200	.....
Salesmen's Salaries and Commissions.....	5,986	.....
Office Salaries	2,500	.....
Office Supplies	95	.....
Telephone, Telegraph and Postage.....	210	.....
Advertising	750	.....
Taxes	284	.....
Freight and Cartage Out.....	462	.....
General Expense	67	.....
Interest Cost	120	.....
Sales Discount	930	.....
Interest Income .....	.....	116
Purchase Discount .....	.....	740
	\$100,383	\$100,383

Additional Information, December 31, 1949

Merchandise Inventory, December 31, 1949.....	\$14,690
Office Supplies on Hand.....	30
Interest Accrued on Notes Payable.....	28
Taxes Payable	175
Interest Accrued on Notes Receivable.....	24
Depreciation of Furniture and Fixtures.....	300
Additional Allowance for Bad Debts.....	154

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Group II

Answer either question 3 or question 4.

3 The following accounts appeared in the ledger of Downey and Garand after the books had been closed for the year ending December 31, 1949:

SALESMEN'S COMMISSIONS

1949 Dec.	31	Bro't fwd Accrual	J	10	3400 250 3650	1949 Dec.	31	P & L	J	11	3650
											3650
						1950 Jan.	1	Accrual	J	12	250

SALESMEN'S COMMISSIONS PAYABLE

1950 Jan.	1		J	12	250	1949 Dec.	31	Accrual	J	10	250
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Answer *all* of the following questions relating to these accounts:

- a How much commission was earned by the salesmen in the year ending December 31, 1949? [2]
- b What amount was paid to salesmen as commission in the year ending December 31, 1949? [2]
- c What amount should have appeared in the Profit and Loss Statement for the year ending December 31, 1949, as expense for Salesmen's Commissions? [2]
- d How would the profit for the year ending December 31, 1949, have been affected if the \$250 accrual had not been recorded? Explain why. [3]
- e Show how the Salesmen's Commissions Payable account should have appeared on a classified balance sheet as of December 31, 1949. [2]
- f How is the entry of January 1, 1950, usually described? [2]
- g Assume that in the year ending December 31, 1950, the Salesmen's Commissions account contains debits amounting to \$4,500. What will be the amount of expense for salesmen's commissions for the year 1950? [2]

4 Each of the following statements is true. Select *five* and give one good *reason* for the correctness of each statement chosen. Reasons must be stated in clear and complete sentences. A mere repetition of the original statement will receive no credit. [15]

- a The use of controlling accounts with subsidiary ledgers for customers' and creditors' accounts shortens the size of the trial balance of the general ledger.
- b The use of controlling accounts aids in the detection of errors in customers' and creditors' accounts.
- c The fact that the trial balance is in balance does not prove that there are no errors in the ledger accounts.
- d When a check is certified, the bank on which the check is drawn immediately reduces the balance in the account of the drawer by the amount of the check.
- e The bank statement issued to a depositor at the end of the month does not usually show all the checks issued by the depositor during the month.
- f It is good business practice to keep canceled checks on file.
- g When a businessman discounts a customer's note, a contingent liability is created.
- h When the books are closed, the net profit for the period will be understated if the bookkeeper fails to take into consideration unused supplies.

Wednesday, January 25, 1950

Name of pupilName of school

Detach this page and hand it in with your other answer paper.

Group III

Answer either question 5 or question 6.

5 Write your answer to *each* of the following problems on the line at the right of the problem. [10] [2 credits for each correct answer]

- a Net sales for the period \$35,000; Merchandise Inventory, January 1, 1949, \$7,000; Total Purchases for the period \$22,000; Merchandise Inventory, December 31, 1949, \$9,000. Find the rate of merchandise turnover. a.....
- b Total current assets \$30,000; total assets \$50,000; total current liabilities \$10,000; total liabilities \$18,000. Find the current ratio. b.....
- c Robert Ash began business on January 1, 1949, with a capital of \$12,000. On December 31, 1949, his assets amounted to \$15,000 and his liabilities amounted to \$5,000. His drawings for the year amounted to \$3,000. Find his profit for the year. c.....
- d James Lane has a capital of \$24,000, and his partner Louis Wheeler has a capital of \$12,000. Profits are to be divided in proportion to capital. The profit for the year was \$9,000. Find the amount of Wheeler's share of the profit. d.....
- e William Bailey purchased a machine for \$1,300. He estimated it could be used for five years, at the end of which time its scrap value would be \$300. Find the amount of the semiannual depreciation. e.....

6 On the line at the right of *each* statement write the word *true* if the statement is true. If the statement is false, write the word or expression that should be substituted for the italicized word or expression to make the statement correct. [One credit for each correct answer; no partial credit] [10]

- a A bill of lading for a shipment by railroad is usually made out in *duplicate*. a.....
- b When goods are sold terms f.o.b. shipping point, freight charges are paid by the *seller*. b.....
- c A check which bears on its face the purpose for which it was drawn is described as a *voucher* check. c.....
- d A two-months' note dated December 1, 1949, falls due on *January 30, 1950*. d.....
- e The Cash Short and Over account appears on the *Profit and Loss statement*. e.....
- f A bank service charge that appears in the bank statement should be recorded in the *cash receipts* journal. f.....
- g The value of an interest-bearing note when it falls due is described as the *maturity value* of the note. g.....
- h The abbreviation E. O. M. appearing on an invoice means *Expressage on Materials*. h.....
- i The excess of current assets over current liabilities is described as the *current ratio*. i.....
- j Income earned in one financial period but not collected in that period is described as *accrued* income. j.....