

The University of the State of New York

317TH HIGH SCHOOL EXAMINATION

BOOKKEEPING II

Wednesday, January 21, 1953 — 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 part I, one question from part II and one question from part III.

Part I

Answer both questions in this part.

1 Use a general journal, cashbook and petty cashbook. Columns required in these journals are:  
*General Journal: Debit side* — Accounts Payable, General Ledger

*Credit side* — General Ledger, Accounts Receivable

*Cashbook: on the receipts side* — General Ledger, Accounts Receivable, Sales Discount, Net Cash

*on the payments side* — General Ledger, Office Supplies, Accounts Payable, Purchase Discount, Net Cash

*Petty Cashbook: Date, Explanation, Receipts, Payments, General Expense, Selling Expense, and under Sundry Items, columns for Account Debited and Amount*

[Note: Read the above instructions carefully. In the General Journal only four columns are required; in the Cash Receipts four columns; and in the Cash Payments five columns.]

On October 1, 1952, the firm of Rudner and Brill, manufacturers of ladies' dresses, had a balance of \$8,300 in the checking account and \$50 in the petty cash fund.

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

October 2 Issued check no. 135 for \$225 to the Clearview Realty Co. for October rent.

October 3 Received a check from Ralph Stevens & Co. in payment of invoice of September 23 for \$370 less 2%.

October 6 Paid \$5 in currency to the Adams Florists for flowers sent to a customer who opened a new store today.

October 8 Received a check from Arthur Robbins for \$505 in payment of his 60-day note for \$500 plus interest of \$5.

October 9 Daniel Rudner, one of the proprietors, took a dress, which cost \$38, home for his daughter.

October 10 Received a credit memorandum for \$75 from the Stanton Mills for damaged goods that we returned to them.

October 14 Received a letter from our customer, Walter Hastings, who claims that we made an error of \$128 on the monthly statement we sent him. On checking we find that we should have charged another customer, George Hastings, for the sale of Sept. 15 amounting to \$128 instead of Walter Hastings. Make the correction entry.

October 15 Issued check no. 137 to Stowe and Mansfield in payment of invoice of Sept. 30 for \$960 less 3%.

October 16 Paid \$8 in currency to the Imperial Transport Co. for freight on goods delivered to us.

October 17 Issued check no. 138 for \$20 to the United Transport Co. for goods shipped prepaid to our customer, the Allison Department Store. We charged this to their account.

October 20 Issued check no. 139 for \$75 to Acme Printers for office stationery.

October 22 Sent our office boy on an errand. Gave him 30¢ from the petty cash fund for carfare.

October 24 Issued check no. 140 for \$165 to the Standard Typewriter Co. in payment for a new typewriter purchased today.

BOOKKEEPING II — *continued*

- October 27 Received a check from the Allison Department Store for \$600 less 2% discount plus the freight prepaid by us on the 17th.
- October 31 Drew check no. 141 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 cash book. 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, answer both *a* and *b*:
- a* Prepare the *classified operating expense* section of the profit and loss statement and find the net profit. Begin with a Gross Profit of \$64,600. [15]
- b* Prepare the *classified asset* section of the balance sheet. [10]

ARTHUR STONE

Trial Balance, December 31, 1952

Cash .....	\$ 8,470	.....
Petty Cash .....	75	.....
Notes Receivable .....	2,300	.....
Notes Receivable Discounted.....		\$ 800
Accounts Receivable .....	14,310	.....
Reserve for Bad Debts.....		115
Merchandise Inventory, January 1, 1952.....	52,000	.....
Furniture and Fixtures.....	6,300	.....
Reserve for Dep. of Furniture and Fixtures.....		1,260
Notes Payable .....		5,000
Accounts Payable .....		9,450
Withholding Taxes Payable.....		210
Social Security Taxes Payable.....		90
Arthur Stone, Capital.....		30,000
Arthur Stone, Personal.....	14,000	.....
Sales Income .....		201,600
Sales Returns and Allowances.....	2,180	.....
Purchases .....	118,500	.....
Salesmen's Commissions .....	13,200	.....
Salesmen's Traveling Expenses.....	1,150	.....
Office Salaries .....	5,800	.....
Freight Inward .....	2,150	.....
Purchase Returns and Allowances.....		1,540
Freight Outward .....	1,475	.....
Rent .....	3,100	.....
Taxes .....	1,180	.....
Office Supplies .....	430	.....
Insurance .....	590	.....
Telephone and Telegraph.....	225	.....
Advertising .....	760	.....
Sales Discount .....	3,900	.....
Interest Cost .....	110	.....
Purchase Discount .....		2,105
Interest Income .....		35
	<u>\$252,205</u>	<u>\$252,205</u>

Additional Information, December 31, 1952

Merchandise Inventory December 31, 1952.....	\$ 36,290
Office Supplies .....	80
Insurance Prepaid .....	190
Interest Payable .....	20
Depreciation of Furniture and Fixtures, 10% of cost	
Additional allowance for Bad Debts.....	170

**Part II**

Answer either question 3 or question 4.

3 Answer each of the following :

- a Give one reason why special columns are used in journals. [2]
- b Why is it good business practice to set up a Reserve for Bad Debts? [3]
- c What is the difference between a certified check and a cashier's check? [4]
- d For each of the following, state the source from which the bookkeeper obtains the information on which to base his entry: [6]

[Example: Purchase of merchandise — Purchase Invoice]

- (1) Credit for return of damaged merchandise
- (2) Payment of petty cash
- (3) Receipt of cash
- (4) Payment of cash
- (5) Sale of merchandise on credit
- (6) Merchandise on hand at end of the year

4 On January 5, 1953, Charles Fields received his bank statement and canceled checks for the month of December. His checkbook showed a balance of \$2,467.15 on December 31, 1952. The bank statement balance on that date was \$2,956.27. There were four outstanding checks: no. 465 for \$125.10; no. 472 for \$270; no. 480 for \$56.25; no. 481 for \$245.40. The bank made a service charge of \$7.63. A deposit made by mail on December 31 for \$200 was not credited on the bank statement.

- a From the foregoing facts, prepare a reconciliation statement. [10]
- b What is an outstanding check? [2]
- c What entry should be made in the journals for the service charge? Indicate the journal in which this entry should be made. [3]

**Part III**

Answer either question 5 or question 6.

ROBERT WALLACE						Buffalo, New York				
1952						1952				
Jan.	8	2/10, N/30	S	21	120	Jan.	18	C	12	120
Mar.	18	2/10, N/30	S	34	165	Mar.	21	Return G. J.	9	25
May	2	2/10, N/30	S	69	305		28	C	26	140
						May	12	C	42	100

- 5 a If controlling accounts are used, in what ledger will the above account be found? [1]
- b State the transactions that gave rise to the entries for January 18 and March 21. [4]
- c What is the amount of the check that Robert Wallace should have sent on March 28? [2]
- d How does the bookkeeper check on the accuracy of the subsidiary ledger in which the above account appears? [2]
- e What is the balance of the above account? [1]

[3]

[OVER]

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

If question 6 is chosen, detach this page and hand it in with your other answer paper.

6 At the right of *each* expression in column *B*, place the *number* of the word or expression in column *A* that is most *closely* related to it. [One credit for each correct answer.] [10]

<i>Column A</i>	<i>Column B</i>	
1 Accrual basis	<i>a</i> The deduction made from an employee's gross earnings for which credit is given toward the payment of his federal income tax	<i>a</i> .....
2 Balance sheet	<i>b</i> The maximum earnings per year on which the federal old-age benefits tax is taken	<i>b</i> .....
3 Capital ratio	<i>c</i> The difference between current assets and current liabilities	<i>c</i> .....
4 Cash basis	<i>d</i> Profits are divided on the basis of investments	<i>d</i> .....
5 Cash discount	<i>e</i> The buyer pays the freight	<i>e</i> .....
6 Current ratio	<i>f</i> A deduction allowed to obtain the early payment of cash	<i>f</i> .....
7 "For deposit only, Robert Jones"	<i>g</i> A method of keeping books which records all the income earned in a given period even though not collected	<i>g</i> .....
8 F.O.B. destination	<i>h</i> The ratio of cost of goods sold to average inventory	<i>h</i> .....
9 F.O.B. shipping point	<i>i</i> The bookkeeper's device for checking the equality of debits and credits	<i>i</i> .....
10 Merchandise available for sale	<i>j</i> A restrictive indorsement	<i>j</i> .....
11 Merchandise turnover		
12 "Pay to the order of Arthur Wren, Robert Jones"		
13 Profit and loss ratio		
14 Social Security tax		
15 \$3,000		
16 \$3,600		
17 Trade discount		
18 Trial balance		
19 Withholding tax		
20 Working capital		