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 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.

[1] [over]
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]

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>Profit and Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset</td>
<td>Liability</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

Example: Cash

a Salesmen's Commissions
b Withholding Taxes Payable
c Depreciation of Office Equipment
d Prepaid Insurance
e Proprietor's Personal Account
f Office Supplies Used
g Mortgage Payable
h Reserve for Bad Debts
i Merchandise Purchases
j Taxes
k Sales Returns and Allowances
l Freight Inward
m State Unemployment Insurance Taxes Payable
n Merchandise Inventory (beginning of period)
o Reserve for Depreciation of Delivery Equipment

[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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Helen Weston</td>
<td>1</td>
<td>$ 52.00</td>
<td>$ 7.10</td>
<td>$1.17</td>
<td>.26</td>
<td>$ 43.47</td>
</tr>
<tr>
<td>Martin Green</td>
<td>2</td>
<td>75.00</td>
<td>8.90</td>
<td>1.69</td>
<td>.30</td>
<td>64.11</td>
</tr>
<tr>
<td>George Higgins</td>
<td>3</td>
<td>136.00</td>
<td>17.80</td>
<td>3.06</td>
<td>.30</td>
<td>114.84</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>$263.00</td>
<td>$33.80</td>
<td>$5.92</td>
<td>.86</td>
<td>$222.42</td>
</tr>
</tbody>
</table>

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]
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]

a The last day by which an invoice dated March 21, terms N/30, should be paid is ....

b One advantage of the corporate form of organization as compared with the partnership is that the stockholders have ... liability.

c Current assets minus current liabilities equals ....

d An endorsement that reads "George Blake" is a (an) ... endorsement.

e A (an) ... check is one on the face of which is the bank's stamp that the check is good.

f The ratio that shows the number of times that the average inventory has been sold during a given year is known as ....

g When goods are shipped terms "f.o.b. shipping point," the ... must eventually pay for the freight charges.

h One method of judging the ability of a business to pay its debts as they become due is to apply the ... ratio.

i When we discount a note given to us by a customer, we assume a (an) ... liability.

j The difference between the cost of a fixed asset and its reserve for depreciation is known as the ... of the asset.