

# **Algorithmic Gold Run Snowmobile**

**1<sup>st</sup> Algorithmic Edition**

**Transactions for  
December 4-10**

# BEGIN THE ALGORITHMIC GOLD RUN SNOWMOBILE PROGRAM

When you have: (1) Printed and carefully read “Getting Started with Algorithmic Gold Run Snowmobile”, and registered as a user of this website, (2) Carefully read pages 2-13 of “An Introduction to Gold Run Snowmobile”, and (3) A good understanding of the accounts used by Gold Run Snowmobile, you are ready to begin the journalizing process.

If you are not currently logged on, log on to [www.pklsoftware.com](http://www.pklsoftware.com).

1. To access the Algorithmic Gold Run Snowmobile program, click on the Algorithmic **Gold Run Snowmobile** log in button on the Home page.
2. At the log in page, enter your **User ID** and **Password**. Then click on Log In.
3. On the Data Entry page, move the pointer to **Data Entry**, and click.
4. Click on **Daily JE (Daily Journal Entries)**.
5. Click **OK** again if there are no current journal entries.

**The Clear Screen button:** When accessing the Data Entry Page, if journal entries have already been recorded in an earlier session, the last entry recorded will appear in the data entry form. Click on the Clear Screen button to erase this entry from the screen. This feature allows you to view the last entry you made prior to logging out of the program or moving from other selection options on the Data Entry page.

You may prefer to analyze each entry and record the transaction on the computer at the same time. You will be able to access the chart of accounts, customer list, and vendor list on the screen during the data entry process. This makes the recording of transactions and related information a very quick, easy, and efficient procedure

**NOTE: Remember to disable any Pop-up Blocker installed on your computer.**

Disabling Pop-up Blockers allows you to print documents without complications caused by the Pop-up Blockers. This will not disable your Pop-up Blocker for any other programs that you wish to run.

Disabling third-party Pop-up Blocking software installed on your computer may be necessary to allow successful printing. Consult the Pop-up Blocking software manufacturer on how to temporarily disable the Pop-up Blocker without uninstalling the software. Additional help in disabling Pop-up Blockers can be found on the PKL Software home page by clicking on the Customer Support link.

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## The Chart of Accounts

Move the pointer to **Journal/Ledgers/Statements** and select **Chart of Accounts**. Click on **Print** and print the Chart of Accounts. You will find this to be a useful guide when analyzing transactions and determining which accounts to debit and credit.

You are encouraged to prepare your account entry information before sitting down at the computer. This procedure will decrease your data entry time. An example of a written analysis before the data entry is shown with the first December 4 transaction on the next page.

## TRANSACTIONS FOR DECEMBER 4-10

### Student Analysis

#### December 4

Performed service and adjustment work on a Swift Enduro Snowmobile; the customer paid cash for the work completed. The bill included **\$101.50** for 1.75 hours of labor (**\$58.00** per hour) plus sales tax (7%) of **\$7.11** (rounded to the nearest cent). The sales invoice number for this transaction is **G3006**. No parts were needed to complete this job. **Follow instructions 1-6 and enter this transaction.**

101	Cash	\$108.61
411	Service Fees Earned	\$101.50
205	Sales Taxes Payable	\$7.11

1. At the date prompt, for December 4, enter 04 for day and press the Tab key. When entering any part of the transaction, you may back up and reenter the information by using the Backspace key. If you have already pressed the Tab key after entering the date and wish to change it, click in the date prompt and backspace or delete the incorrect date, then enter the correct date.
2. To debit Cash, at the account prompt, enter 101 (the Cash account number) and press the Tab key. In the debit amount column type 108.61 without the dollar sign (\$) or comma, and press the Tab key. If the account or amount is incorrect, click on the appropriate item and reenter. Tab to the next position.
3. At the account prompt, enter 411. Tab to the credit column, enter 101.50 as the credit to Service Fees Earned, and press the Tab key.
4. Enter 205 to record the credit to Sales Tax Payable. Tab to the credit column and enter 7.11 (do not press the Enter key or the Tab key). Press the Verify Journal button. If the entry is in balance, the pointer will appear in the Invoice Number text box. If an error is discovered after the journal entry is verified, click on the Clear Screen button and reenter the transaction.
5. At the Invoice Number text box, enter G3006 as the sales invoice number. Document letters may be entered in upper or lower case.
6. After entering the correct invoice number, press the Verify Documents button. This will verify that you have entered all of the required documentation and have used five-character documentation. If any part of the entry or documentation is incorrect, click on Clear Screen and reenter the transaction.

7. Click on Post Ledger. Your data entry will be automatically recorded in the General Journal and posted to the General Ledger.

**Continue entering the transactions for the first week.** If you discover that a transaction entered into the system at an earlier time needs to be corrected, **simply reverse or back out the error transaction and then enter the data correctly.** More detailed instructions on error correction procedures follow in the next transaction. **A complete summary of the error correction process is presented at the end of this module.**

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#### **December 4**

You discovered that an entry of **\$19.75** for advertising printing charges had been recorded in error to the Miscellaneous Expense account rather than the Advertising Expense account. The date on the original cash transaction entry is **December 3** and the invoice number is **56789**.

1. The entry correction procedure for the Algorithmic Gold Run Snowmobile accounting system **requires that each error entry be backed out and then reentered correctly.** **Using the December 3 date (the date of the error entry),** debit the Cash (101) account and credit the Miscellaneous Expense (635) account for \$19.75.
2. At the invoice prompt, enter 56789 as the invoice number. When all of the data is correct, click on the Post Ledger button.
3. The date of the second transaction is also December 3.
4. After the entry has been baked out, enter the transaction correctly with a debit to Advertising Expense (604) and a credit to Cash (101). Verify the transaction and when the check number prompt appears, enter ERROR to indicate that this is an **error correction entry** and a new check is **not** being issued.
5. Enter the 56789 invoice number as requested and when the data shown is correct, click on the Post Ledger button. Additional error correction instructions are found at the end of this problem.

**NOTE: This error correction procedure leaves a clear audit trail of all corrections and is to be followed throughout this business simulation.**

**NOTE: If at any time you wish to view the journal entries that you have entered, click on Journal/Ledgers/Statements on the Menu Bar. Move the pointer down to General Journal and click. The complete general journal will appear on the screen. You may scroll through the journal entries. When you are ready to enter additional journal entries, move the pointer to Data Entry on the Menu Bar and click.**

**Use the Pull-Down Chart and automatically balance the Journal entry.**

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#### **December 4**

Store equipment listed at **\$386.00** and store supplies listed at **\$123.76** were purchased on account from Buster Supply. Sales taxes are included in the listed prices of these assets. Buster Supply offers net 10 credit terms. Invoice Number: **B5667**.

- 1. At the date prompt, enter 04 for December 4.**
- 2. In this transaction, account 131, Store Equipment and Fixtures is the first debit entry. You can select the account to debit rather than enter the account number by clicking on the downward pointing error at the right side of each account entry line and a pull-down screen will appear. Scroll to the appropriate account number and click. Press the tab key and in the debit amount column enter 386 followed by the tab key.**
- 3. You may debit account 127, Store and Shop Supplies by clicking on the account location again, and then selecting 127 from the pull-down chart. Tab to the debit amount column again and enter 123.76 as the second debit amount.**
- 4. Use the pull-down chart again or manually enter account 201, Accounts Payable and press the Tab key. Tab to the credit column and enter \$509.76.**
- 5. Click on the Verify Journal button.**
- 6. At the Invoice Number prompt type B5667.**

7. At the vendor number prompt, click on the first vendor, Buster Supply or enter 20300 as the vendor number.
8. Check the data for accuracy and then post the entry. The journal entry is transferred to the General Journal, posted to the General ledger, and posted to the Accounts Payable Subsidiary ledger account of Buster Supply.

On future entries involving Accounts Payable or Accounts Receivable, you may use the pull-down menu to select the correct vendor or customer or enter the vendor or customer number.

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**December 4**

One SW660 Swift Snowmobile was sold for **\$7,944.75** cash. This model retails for **\$7425.00 plus 7% sales tax**. Sales Invoice Number: **G3007**.

Because a perpetual inventory system is being used by Algorithmic Gold Run Snowmobile, Inc., for each entry where a product is sold, an update of the specific inventory items sold will be a part of the journalizing procedure. After each sale entry is posted, a second journal entry will automatically be entered and posted by the program. This entry will be a debit to the Cost of Goods Sold account and a credit to the Merchandise Inventory account.

1. Enter the journal entry for the sales transactions and invoice number and verify the data entry (Verify Documents).
2. When the inventory information is requested by the program, enter the stock number of the item and the quantity sold. The program will automatically enter the cost price when you click on the Verify Inventory Data button.

Merchandise listed on the sales invoice:

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
SW660	SWIFT ENDURO	1	\$5,940.00

**NOTE:** The snowmobile being sold for \$7,425.00 cost the business \$5,940.00 (net). All snowmobiles and snowmobile trailers carry a 25% markup on net cost (20% markup on selling price). The net cost (\$5,940.00) plus the programmed markup of \$1,485 (\$5,940.00 x 25%) must equal the credit entry to sales (\$7,425.00) or the journal entry will not be accepted.

When the Accumulated Sales total is in agreement with the credit to the Snowmobile and Accessories Sales account and all data is correct, click on the Post Ledger button.

When the sale and inventory entry have been entered, verified, and posted, the system will automatically journalize and post to the Cost of Goods Sold and Merchandise Inventory accounts.

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**December 5**

A shipment of Cruze Faceshields was received for inventory. **All merchandise purchases by Gold Run Snowmobile are recorded NET.** The invoice from Swift, Incorporated shows the list price of the merchandise at **\$150.00**. Cash discount terms of 1/10, n/30 are offered, and the merchandise is shipped FOB destination. **The calculated NET purchase price of the merchandise that will be recorded in the journal entry is \$148.50 (\$150.00 x .99).** Invoice Number: **S4101**. Vendor Number: **27000**.

1. Enter the debit and credit portion of your entry and verify the transaction.
2. Enter invoice number and the vendor number.
3. Enter the inventory information required, and when the inventory is balanced, post the transaction.

All completed invoice information will be displayed with the cost price of each merchandise item shown at the **NET PRICE** (list price less the purchase discount allowed). The **net cost price of the item purchased** is shown below.

Merchandise listed on the purchase invoice (at net cost):

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
RR925	CRUZE FACESHIELD	15	\$ 9.90

When the Total Cost balance is in agreement with the debit to the Merchandise Inventory account, the inventory entry is correct. Click on the Post Ledger button.

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**December 5**

A check was issued to replenish the Petty Cash fund and to increase the size of the \$50.00 fund to \$100.00. Petty Cash Invoices for this transaction list **\$23.50** for store supplies and **\$25.25** for delivery expense charges. There is currently **\$1.25** left in petty cash. Check Number: **30091**. Invoice Number: **PCASH**.

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**December 5**

A check was received for **\$915.00** from the Downieville Dusters for storage fees on their snowmobiles. This check prepays their storage fees for December, January and February. Sales Invoice Number: **G3008**.

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**December 6**

Received a cash dividend of **\$.385** (38.5 cents) per share on the **1,000** shares of Granite Corporation common stock held as a short-term investment. Invoice Number: **CASHD**.

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**December 6**

A shipment of Trail-Tracker Snowmobiles was received for inventory. The invoice from Trail-Tracker, Incorporated, lists the total **net purchase price of \$27,244.00**, credit terms of 2/10, n/30, FOB destination shipping terms, and the models shipped. Invoice Number: **T4357**. Vendor Number: **28400**.

**Remember that all merchandise purchases by Algorithmic Gold Run Snowmobile are recorded NET.**

The **NET purchase price** of the merchandise has been calculated at **\$27,244.00** (list price of **\$27,800.00** x **.98** = total net cost of **\$27,244.00**).

All completed invoice information will be displayed with the cost price of each merchandise item shown at the **NET PRICE** (list price less the purchase discount allowed). The **net cost price of each item purchased is shown below.**

Merchandise listed on the purchase invoice:

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
T1500	TRAIL-TRACKER 1500	4	\$4,116.00
T3000	TRAIL-TRACKER 3000	2	\$5,390.00

When the Total Cost balance is in agreement with the debit to the Merchandise Inventory account, click on the Post Ledger button.

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### December 6

Completed service and installation work on a customer snowmobile and the customer paid **\$116.00** for two hours of labor, **\$500.80** for accessories, and **7% sales tax** on the total (labor and accessories). Round all sales tax calculations to the nearest cent (Example: \$43.176= \$43.18 sales tax). Sales Invoice Number: **G3009**.

Merchandise listed on the sales invoice:

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
B4400	MUFFLER PAK	3	\$65.30
CC555	SUPER DUTY SHOCK	2	\$27.25

Each muffler pak being sold for **\$130.60** retail actually cost the business **\$65.30**. The super duty shocks cost **\$27.25** each and are sold for **\$54.50**. ALL accessories carry a 50% "normal" markup on selling price (100% markup on net cost).

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### December 8

Running Ramblers were billed **\$243.04** plus sales tax for accessories installed for no-charge on their racing craft. Sales Invoice Number: **G3010**. Customer Number: **11780**.

Merchandise listed on the sales invoice:

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
W1111	SPEEDOMETER	2	\$29.40
W7777	TACHOMETER	2	\$31.36

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**December 8**

The **\$842.00** account balance of customer Cathi Grobowski has proven to be uncollectible and is written off. Gold Run Snowmobile uses the allowance method for all bad debt write-offs. Invoice Number: **WROFF**. Customer Number: **11250**.

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**December 8**

**Two** Trail-Tracker Enduro snowmobiles were sold to a cash customer for **\$17,150** plus sales tax. Sales Invoice Number: **G3011**.

Merchandise listed on the sales invoice:

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
T3300	TRAIL-TRACKER ENDURO	2	\$6,860.00

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**December 9**

Donated to the Granite Bay High School Student Store, a cash register that is no longer being used. The cash register originally cost **\$770.00**, has no current market value, and was fully depreciated two years ago. Invoice Number: **DONAT** (for donation).

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**December 9**

Purchased merchandise on account from Swift Incorporated, at a total net cost of **\$62,172.00**. The cash terms are 1/10, n/30, and the merchandise is shipped **FOB destination**. Invoice Number: **S4234**. Vendor Number: **27000**.

**Merchandise listed on the purchase invoice:**

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
SW660	SWIFT ENDURO	8	\$5,940.00
SW999	SWIFT ARROW	1	\$9,900.00
SSS30	QUAD HAULER	4	\$1,188.00

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**December 10**

Merchandise and accessories were purchased from Morelli Sports Equipment for **\$5,010.00**. The cash terms are net 30, and the goods are shipped FOB shipping point. The transportation costs will be billed separately by the carrier. Invoice Number: **M4006**. Vendor Number: **24850**.

**Merchandise listed on the purchase invoice:**

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
J1001	M WIND TEK SUIT MD	14	\$150.00
J2002	M WIND TEK SUIT LG	12	\$160.00
M0300	W TRAIL BOOTS	18	\$55.00

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**December 10**

A cash dividend of **\$.23** per share was paid to all December 1, stockholders of record. The dividend was declared on November 15, and is payable today, December 10. The company currently has **50,000** shares of \$5.00, par value common shares outstanding. Check Number: **30092**. Invoice Number: **DPAID** (for dividend paid).

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**This completes the transactions for December 4 to December 11**

## End of Module Procedures

Now that you have completed entering the transactions for the first seven days of the internship program, December 4-10, it is time to check the accuracy of your work.

1. Move the pointer to Check Figures in the Menu Bar, move down to Weekly Check Figures, and click.
2. Click on Print and print a copy of the Check Figures for Week 1.
3. Move the pointer to Journal/Ledgers/Statements, move down to General Ledger, and click.
4. Print a copy of the Trial Balance for December 11.
5. Move the pointer to Journal/Ledgers/Statements, move down to Subsidiary Ledgers, move to Accounts Receivable Ledger, and click.
6. Print a copy of the Schedule of Accounts Receivable.
7. Move the pointer to Journal/Ledgers/Statements, move down to Subsidiary Ledgers, move to Accounts Payable Ledger, and click.
8. Print a copy of the Schedule of Accounts Payable.
9. Move the pointer to Journal/Ledgers/Statements, move down to General Journal, and click.
10. Print a copy of the General Journal.
11. Compare the balance of the Schedule of Accounts Receivable to the balance of Accounts Receivable shown on the Trial Balance.
12. Compare the balance of the Schedule of Accounts Payable to the balance of Accounts Payable shown on the Trial Balance.
13. Compare the balances of the accounts shown in the Check Figures for Week 1 to the balances of the same accounts in the Trial Balance.

If any of your account balances DO NOT match the check figures, you must correct the unmatched balances before continuing to Module 2. The most efficient method of locating and correcting the error(s) is to print a copy of the Trial Balance and a copy of the General Journal.

For **accuracy, efficiency, and a clear audit trail**, use **ONLY** the correction system designed for the Gold Run Snowmobile accounting system. See Correcting Errors under Support on the Menu Bar.

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**You have two options available to you for handling unmatched balances.**

**OPTION ONE: Find and Correct the Errors**

Make sure the journal entries from your manual match the journal entries in the General Journal. Make the necessary corrections by backing out each incorrect entry and then reentering it correctly. See Correcting Errors under Support in the menu bar.

**OPTION TWO: Starting Over - Reset to the Beginning of the set.**

If you find that you have several errors, you may wish to reset to the beginning of the practice set and start again. The reset option can be used only up to the end of Module 1. You cannot reset back to the beginning of the set if you have entered journal entries after December 10, the end of Module 1.

To reset back to the beginning of the practice set, move the pointer to Support and down to Restore to Beginning Balances, then click. Click on Copy and the files will be set back to December 4, the beginning of the project.

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**CONTINUING TO MODULE 2**

When your account balances match those of the check figures and you have printed all the required documents for Module 1, you are ready to begin the data entry for Module 2, which includes the transactions for December 11 to 17. To begin, you must first print a copy of the Module 2 Student Manual. Move the pointer to Support on the Menu Bar and select Download Student Manual. Select Module 2, Transactions for December 11 to December 17 and Mid Project Evaluation. Print the Manual.

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## **BACKUP YOUR DATA FILES**

Go to Administration on the Menu Bar, scroll down to Files: Reset and Backup, select Backup Data Files, and click. You now have a copy of all of your work to the end of Module 1. This file will allow you to return to end of Module 1 even after entering transactions beyond Module 1.

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## **EXITING THE SYSTEM**

If you have completed your work for this session, click on Logout from the Menu Bar. This will return you to the PKL Home Page. You can exit the program at any point and return to that point at a later time.