

Granite Bay Jet Ski, Incorporated

Level II

5th Edition

Transactions For June 10-16

Heads Up:

In this module you will be required to record: (1) sale of obsolete equipment, (2) sale of a short-term investment, (3) extraordinary repair of equipment, (4) discount lost on credit purchase, (5) issuance of a debit memorandum, and (6) an NSF check received from a credit customer.

TRANSACTIONS FOR JUNE 10-16

Student Analysis

Did you backup your data files at the end of Module One? It is recommended that you backup your files at the end of each data entry session. If you want to return to a previously saved position and start from the point of your last saved data files, click on Administration, select Files: Restore and Backup, select Restore Backed-up Data Files. Should you restore, it is recommended that you print a copy of the General Journal and a Trial Balance to verify the position of the last save.

June 10

Sold obsolete store equipment for \$630 cash. The equipment originally cost \$2,105 and depreciation to March 31 of this year (the end of the first quarter) totals \$1,200. The asset depreciates on a straight-line basis at a rate of \$40 per month and depreciation is calculated to the nearest month (two entries required). For the depreciation entry type **DEPRE** at the invoice prompt. At the invoice prompt for the sale type **ASALE**.

June 10

Issued check **31220** to Red Bluff Freight Company for \$124.60 as payment in full on invoice **R3449** that was received today. The invoice (payable upon receipt) is for freight charges on merchandise *delivered to customers* under shipping terms of FOB destination.

June 10

Sold 400 shares of Wild Goose Marina Corporation common stock that has been held as a short-term investment. The stock was sold for 19 1/4, less a commission of \$240.00. The stock was originally purchased at a total cost of \$5,200.00. At the invoice prompt enter **STINV** for stock investment.

TRANSACTIONS FOR JUNE 10-16

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June 10

Received a certified check for **\$1,330.00** from customer Hazel Peske as payment in full on her account. Ms. Peske's account was written off as uncollectible on April 14. Two entries are required for this transaction. At each invoice prompt type **RECOV** for recovery.

June 11

Discovered that invoice **W6438** from Water Dancer Jetcraft for \$19,500 list (**\$19,305.00 net**), with credit terms of 1/10, n/30, and dated May 13 was filed incorrectly and the cash discount has been lost. **Record the discount lost entry.** Issue check number **31221** for the total amount due today for this invoice.

Since the discovery of the error and the invoice payment are made the same day, a single compound entry may be used to record this transaction.

June 11

Received a check from Western National Credit Card Company for \$7,880.28 as payment in full on company credit card invoices that had been received by Granite Bay Jet Ski through June 2. The invoices, for sales made in late May and early June, totaled \$8,124.00 and Western National charges a 3.0% fee for use of their system. The summary number for these invoices is **CC202**.

June 13

Instead of repairing the heavy duty shop hoist at a cost of \$1,210.00 and charging this cost to an operating expense account, the hoist, which has one year remaining in its estimated useful life, is completely overhauled at a cost of \$3,260 (check number **31222**). This overhaul (an extraordinary repair) will be charged directly to the **Shop Equipment account and will extend the remaining useful life of the hoist to four years.** At the invoice prompt enter **EXTRA** for extraordinary repair.

TRANSACTIONS FOR JUNE 10-16

Student Analysis

June 14

Sold **two** Kawasaki Jet Ski 800 SX-R Personal Watercraft to customer Arlene Burnet at an *out-the-door* retail sales price of \$12,852 which **includes sales tax** (sales invoice number **G4016**). Received from Ms. Burnet, a check for \$5,000 as a cash down payment and charged the balance to her account. The account will be paid in full in 30 days. To calculate the total sales amount divide the out-the-door price by **1.08**. The difference between the answer (sales price) and the out-the-door retail sales price (selling price + sales tax) will be the sales tax.

Merchandise listed on the sales invoice:

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
AS888	JET SKI 800 SR-X	2	\$4,760.00

June 14

Issued debit memo number **DM601** for \$6,880 and returned for credit, to Kawaski USA, one **AU150 ULTRA 150** jet-ski. The body of the jet-ski was damaged during shipping. Kawasaki has agreed to accept the return. There are no freight charges. The **AU150** was part of the June 6 purchase on account (invoice **K4461**). Only one entry is required to properly record this transaction.

June 14

Issued the payroll check (number **31223**), for part-time employee Kim Booker. Kim earns \$11.30 per hour and worked 39.5 hours during this past two-week pay period ending today. At the invoice prompt type **WAGES**.

TRANSACTIONS FOR JUNE 10-16

Student Analysis

June 15

Received notice from the bank that the \$5,000 check received from customer Arlene Burnet (**10300**) on June 14 has not cleared due to lack of funds. The \$5,000 balance of this NSF check plus an additional \$80 handling fee will be charged back to Ms. Burnet's account (sales invoice number **G4016**). The \$80 handling fee charged by Granite Bay Jet Ski will be entered as Miscellaneous Revenue. At the check number prompt enter **BADCK** for bad check.

June 15

Issued check number **31224** for \$3,564.00 to Starlight Sports as payment in full of the June 5 invoice (**S2717**). **Remember that the Net method of recording purchases is being used by Granite Bay Jet Ski.**

June 16

Issued check **31225** in payment of invoice **K4461** from Kawasaki USA. To check the balance due on this June 6 invoice, click on Journals/Ledgers/Statements, select the Subsidiary Ledger option, and select Accounts Payable. Look up the Kawasaki USA account. Do not overlook the purchase return of June 14. **Remember that the Net method of recording purchases is being used by Granite Bay Jet Ski.**

June 16

Received a check for \$5,650 from customer Charles Grubonski, as a partial payment on his past-due account balance. Invoice number **G3906** dated May 3 lists an overdue balance of \$17,650.

TRANSACTIONS FOR JUNE 10-16

Student Analysis

June 16

Completed 4.2 hours of service work for customer Hank Cobb. Hank also purchased a new Starlight Trailer. The selling price for the trailer is \$1,485.00. Be sure to include the sales tax on the trailer and the service work. The *full amount due*, (sales invoice **G4017**), is paid with a **Bank Credit Card**. The bank will charge Granite Bay Jet Ski, Inc., a credit card fee (1-4%) which will be billed and recorded at the end of the month.

Merchandise listed on the sales invoice:

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
AL800	STARLIGHT TRAILER T	1	\$1,188.00

June 16

Received a check for \$25,440 from Waterrippers, Inc., as payment in full on their account. The sales invoice number from this May 17 sale is **G3954**.

June 16

Issued credit memo **CM601** and credited the account of the Royal Bar Jetters (**11780**) for \$78.40, plus sales tax, for the return of one **KW500, 900 PAD KIT** (June 6 sales invoice number **G4014**).

- A. When all of the transactions for the period of June 10-16 have been entered, Click on **Journals/Ledgers/Statements** and select **General Ledger**. Carefully compare your totals to those in the "**Check It Out**" block on the following page. If any of the figures do not match the "**Check It Out**" block, **you must carefully analyze all of your journal entries for the week**, locate the error/s, and make the necessary corrections (**See instruction B**). If all of your totals match the "**Check It Out**" block figures, **proceed to instruction C**.

New Feature” In addition to the key accounts shown in the “Check It Out” box, you can click on “**Check Figures**” on the Menu Bar and view and/or print a complete list of all of the accounts and the correct balances as you complete each module of the practice set.

- B.** To efficiently complete this analysis and correction procedure, it is recommended that you print a copy of the transactions you have entered. Click on **Journals/Ledgers/Statements**, select **General Journal**, then select Second Week, click on **Show Portion**, select **Second Week** and **Print** the General Journal. **For all error corrections, be sure to back out the error entry and then journalize the entry correctly.** The error correction procedure was outlined in detail at the end of module 1.
- C.** Click on **Journals/Ledgers/Statements**, select **Subsidiary Ledgers**, and then select **Inventory**. **Print** the Inventory Analysis. The correct amount of the perpetual inventory at the end of the June 16 work day should be **\$200,287.22**. This total should match the balance of the Merchandise Inventory account on the June 16, Trial Balance.

“CHECK IT OUT”

101	Cash	\$62,934.38
105	Accounts Receivable	38,076.35
106	Allowance for Doubtful Accounts	1,411.82
127	Store and Shop Supplies	3,102.92
132	Accum. Depre., Store Equip. and Fix.	12,370.00
136	Accum. Depre., Shop Equipment	7,750.00
201	Accounts Payable	4,896.92
205	Sales Tax Payable	5,353.63
401	Watercraft and Accessory Sales	240,104.80
402	Sales Returns and Allowances	2,195.40
411	Service Fees Earned	8,641.50
501	Cost of Goods Sold	170,891.20
505	Transportation-In	604.00
601	Salaries and Wages Expense	15,176.85
606	Delivery Expense	666.10
607	Credit Card Expense	1,355.72
731	Gain on Short-Term Investments	2,260.00
821	Loss on Sale of Assets	195.00
TRIAL BALANCE TOTAL		\$684,958.44

When your totals match the check figures, print the following documents. The printed documents will be used to answer the analysis questions on the Mid-Point Evaluation.

1. Trial Balance for June 16,
Click on Journals/Ledgers/Statements, select General Ledger and print the Trial Balance.
2. Click on the Show Ledger Card and print account 101 – Cash.

Print the following additional General Ledger accounts by clicking on Ledger Card, clicking on Show Ledger Card, then clicking on Print:

105 Accounts Receivable
107 Accounts Receivable, Credit Card Companies
115 Merchandise Inventory
201 Accounts Payable
401 Watercraft and Accessory Sales
501 Cost of Goods Sold
505 Transportation-In
606 Delivery Expense

3. The Schedule of Accounts Receivable
Click on Journals/Ledgers/Statements, select Subsidiary Ledgers, then select Accounts Receivable. Click on the Print button and print the schedule.
4. The Individual account information for ALL customers
Click on the All Customers button and print the ledger cards for all of the Account Receivable customers.
5. The Schedule of Accounts Payable
Click on Journals/Ledgers/Statements, select Subsidiary Ledgers, then select Accounts Payable. Click on the Print button and print the schedule.
6. The Individual account information for ALL creditors/vendors
Click on the All Vendors button and print the ledger cards for all of the Accounts Payable vendors.
7. The Inventory Stock Cards for the following merchandise items: *Click on Ledgers/Journals/Statements and select Inventory. Click on Inventory Item and select A1100 JET SKI STX-15F. Click on Show Inventory Item. Print this Inventory Stock Card. Print the following additional inventory stock cards (Inventory Item, Select Item, Show Inventory Item, Print).*

A1100 AS888 AU150 KW001 KW003 KW800 R1500

Before exiting the program, **BE SURE THAT YOU HAVE BACKED UP YOUR DATA FILES FOR THE COMPLETION OF MODULE TWO** (see **Module 1**)! When your Module 2 data has been saved, you are ready to exit the program. To exit the program, click on **Administration**, then click on **Return to Home Page**.

PLEASE NOTE: All of the June 16 documents should be corrected and printed before attempting to answer the Mid-Point Evaluation and BEFORE continuing the journalizing process for Module three.

**MID-PROJECT EVALUATION
GRANITE BAY JET SKI II**

NAME _____
CLASS DAY AND TIME _____ **DATE** _____

1. Do the totals on your Trial Balance match the figures shown in the "Check It Out" box? **Answer Y for Yes or N for No.** _____
2. What was the correct balance of the Cash account at the close of business on June 4? *(On the web-based examinations show all dollar amounts and inventory counts in a numeric format.)* \$ _____
3. On the Cash ledger card, what item was paid with check number **31223**? _____
 - A. Petty Cash
 - B. Wages
 - C. Accounts Payable
 - D. Accounts Receivable
 - E. None of the above
4. On June 16 what invoice was paid in full with check number **31225**? _____
5. What has been the cost to Granite Bay Jet Ski, Inc., for customer use of credit cards? \$ _____
6. How much have freight costs for the purchase of merchandise added to the Cost of Goods Sold? \$ _____
7. How much has it cost Granite Bay Jet Ski, Inc., to send merchandise to customers? \$ _____
8. Identify by customer number, the customer that made a partial cash payment on invoice **G3906**? _____
9. What date was the payment made on invoice **G3906**? _____
 - A. June 13
 - B. June 14
 - C. June 15
 - D. June 16
 - E. None of the above
10. Does the balance of the Schedule of Accounts Receivable match the balance of the Accounts Receivable account? _____
Answer Y for Yes or N for No

MID-PROJECT EVALUATION GRANITE BAY JET SKI II

11. What is the balance of Sean Dee's account? \$_____
12. How many customers currently have outstanding account balances? _____
A. 2
B. 4
C. 6
D. 7
E. None of the above
13. If Granite Bay Jet Ski, Inc., **extends 30-day credit to all charge customers**, which customer currently has the largest **past-due account** (over 30 days)? _____
A. Burnet
B. Grubonski
C. Jenkins
D. Nelson
E. None of the above
14. What was the balance of the Kawaski USA account after the recording of the debit memo? \$_____
15. If the control system in place for handling invoices had been followed, the Water Dancer Jet Craft invoice (**W6438**) should have been paid by what date? _____
A. May 22
B. May 23
C. May 24
D. June 2
E. None of the above
16. Granite Bay Jet Ski attempts to pay all invoices on time to take every discount. On what date is the May 28 invoice from Andregg Supply invoice due and payable? _____
A. June 26
B. June 28
C. July 3
D. July 5
E. None of the above

MID-PROJECT EVALUATION GRANITE BAY JET SKI II

17. If the Kawasaki, USA invoice K4461, was recorded **net** (terms of 2/10, n/30), and paid on June 16. How much was saved by taking the discount? _____
- A. \$944.49
 - B. \$925.60
 - C. \$834.66
 - D. \$744.49
 - E. None of the above
18. What is the last date the balance owed to Larson Sports is due and payable? _____
- A. June 30
 - B. July 1
 - C. July 2
 - D. July 5
 - E. None of the above
19. Are any of the current Accounts Payable account balances past due? _____
Answer Y for Yes or N for No.
20. How many inventory items are at or below the reorder point? _____
21. How many inventory items are currently “out of stock”? _____
22. If all of the **R1500** Granite Bay Caps currently in stock were sold, what would be the new value of the June 16 total ending inventory? \$_____
23. Should a purchase order be sent to Kawasaki, USA for additional inventory of batteries (**KW001**)? **Answer Y for Yes or N for No.** _____
24. To what inventory item has stock number **KW800** been assigned? _____
- A. ZXi Fuel Tank
 - B. Pad Kit
 - C. Granite Bay Bag
 - D. Stage 2 Kit
 - E. None of the above

MID-PROJECT EVALUATION GRANITE BAY JET SKI II

25. On the inventory stock card how many units of stock number **AU150** are listed as returned to the vendor? _____
A. 2
B. 3
C. 4
D. 5
E. None of the above
26. How many **AS888** Jet Ski units have been sold since you began working on this project? _____
27. One order of Jet Ski STX-15F (**A1100**) has been received since June 2. The jet skies were purchased on account from which vendor? _____
A. 24500
B. 26950
C. 27400
D. 28600
E. None of the above
28. How many **KW003** units were sold on June 06? _____
A. 5
B. 4
C. 2
D. 1
E. None of the above
29. When a credit customer returns merchandise, what document is issued to the customer by Granite Bay Jet Ski? _____
A. debit memorandum
B. credit memorandum
C. an invoice
D. a check
E. None of the above

MID-PROJECT EVALUATION GRANITE BAY JET SKI II

30. When Granite Bay Jet Ski returns merchandise to a vendor, what document accompanies that merchandise on the return?

- A.** debit memorandum
- B.** a check
- C.** an invoice
- D.** a credit memorandum
- E.** None of the above
