

Granite Bay Jet Ski, Incorporated

Level II

5th Edition

Transactions For June 24-30

Heads Up:

In this module you will be required to record: (1) sale of a short-term investment, and (2) replenish the petty cash fund.

TRANSACTIONS FOR JUNE 24-30**Student Analysis****June 24**

Issued the following checks as payment in full for miscellaneous billings:

Check **31230** to Edwards Auto Service for vehicle service and truck repairs totaling \$363.70 (invoice **67676**).

Check **31231** to SurferWaves magazine for advertising to be featured in current and future issues. The invoice balance is for \$1,375.00 (invoice **W3200**).

Check **31232** for \$505.00 to Phillips Accountancy, Inc., for accounting services received (invoice **P1764**).

Check **31233** for \$1,800.00 to the Rebel Ridge Insurance Company for increased liability insurance coverage (invoice number **66633**).

June 24

Purchased on account from Kawasaki USA (invoice number **K5050**), merchandise with an invoice list price of \$2,150.00. Kawasaki USA offers credit terms of 2/10, n/30. Remember that all purchases are recorded net.

Merchandise listed on the purchase invoice:

| <u>Stock Number</u> | <u>Item</u> | <u>Quantity</u> | <u>Net Cost Per Unit</u> |
|---------------------|-------------------------|-----------------|--------------------------|
| KW001 | JS BATTERY | 30 | \$29.40 |
| KW003 | NOZZEL EXTENSION | 10 | \$122.50 |

TRANSACTIONS FOR JUNE 24-30

Student Analysis

June 25

Sold a Kawasaki **Jet Ski Personal Watercraft** and a Starlight trailer at an out-the-door price of \$9,099.00 (**including sales tax of \$674.00**). The customer paid using a Bank Credit Card. The sales invoice number is **G4022**. (Divide the OTD price by 1.08)

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 SS | 1 | \$4,760.00 |
| AL900 | STARLIGHT QUAD | 1 | \$1,980.00 |

June 25

Received a certified check from customer Charles Grubonski as payment in full of the balance of his past-due account. The original invoice number on this account was **G3906**. **A partial payment was received from Mr. Grubonski on June 16.**

June 26

Sold accessory items on account to customer Chris Nelson, (invoice **G4023**). All accessory items carry a markup of 100% on cost (50% on selling price). Calculate the total selling price and be sure to include the 8% sales tax (rounded to the nearest cent if necessary).

Merchandise listed on the sales invoice:

| <u>Stock Number</u> | <u>Item</u> | <u>Quantity</u> | <u>Net Cost Per Unit</u> |
|---------------------|--------------------|-----------------|--------------------------|
| KW001 | JS BATTERY | 3 | \$29.40 |
| C0300 | STAINLESS IMP. 900 | 2 | \$78.40 |

TRANSACTIONS FOR JUNE 24-30

Student Analysis

June 27

Issued check **31234** to the State Board of Equalization for the balance of the sales tax collected through the close of the work day on June 23. The Sales Tax Payable ledger card or the "**Check It Out**" box for June 23, the end of week three, lists the correct balance of this account. At the invoice prompt enter **TAXES**.

June 27

Issued check **31235** to Andregg Supply as payment in full on invoice **A4435** of May 28. To verify the amount due, return to the Main Menu, select the Subsidiary Ledger, and call the Andregg Supply account to the screen.

June 28

Received a check for \$700 from the Dobbins High School Water Ski Club for storage fees on their club watercraft and equipment (invoice **G4024**). The check covers the club storage fees for six months beginning July 1.

June 28

To fill a ski club special order, Granite Bay Jet Ski purchased, on credit, four additional personal watercraft trailers from Starlight Sports. The invoice **list price** is \$2,000.00 **each** for the trailers. Credit terms of 1/10, n/30 are offered by Starlight Sports and the total net purchase price (invoice **S3488**) is \$7,920. This order has been shipped FOB destination.

Merchandise listed on the sales invoice:

| <u>Stock Number</u> | <u>Item</u> | <u>Quantity</u> | <u>Net Cost Per Unit</u> |
|---------------------|----------------|-----------------|--------------------------|
| AL900 | STARLIGHT QUAD | 4 | \$_____ |

Calculate the net cost per unit and compare your answer to the amount listed by the program when the inventory data is entered.

TRANSACTIONS FOR JUNE 24-30

Student Analysis

June 28

Through a telephone order, sold two Jet Craft III personal watercraft at an out-the-door selling price of \$14,701.50 (includes sales tax of \$1,089.00. The customer, Bridge Marina at Lake Oroville, paid for the watercraft with a Western National Credit Card. The sales invoice number is **G4025**.

Merchandise listed on the sales invoice:

| <u>Stock Number</u> | <u>Item</u> | <u>Quantity</u> | <u>Net Cost Per Unit</u> |
|---------------------|---------------|-----------------|--------------------------|
| AA003 | JET CRAFT III | 2 | \$5,445.00 |

June 28

Shipped the Jet Craft III personal watercraft to the telephone order customer from Lake Oroville. Charged the \$287.00 freight costs to our account with Jacoby, Incorporated, a local carrier (invoice number **J1400**).

June 28

Customer Barbara Bettencourt paid \$280.80 (sales tax included) for 4.0 hours of service work on her Jet Ski personal watercraft. Barbara paid in full using her Bank Credit Card. The sales invoice for this transaction is **G4026**.

June 28

Received a check for \$12,100 from customer Chris Nelson as payment in full of invoice **G3995** of May 29.

TRANSACTIONS FOR JUNE 24-30

Student Analysis

June 29

Issued check number **31236** to Kim Booker, the part-time repair and sales person for the business. Kim is paid \$11.30 per hour and worked 36.2 hours during the past two-week period ended June 28. At the invoice prompt enter **WAGES**.

June 30

Issued check **31237** for \$98.05 to replenish the \$100 Petty Cash Fund. A total of **\$1.95 is all that remains** in the petty cash box at this time. Be sure to account for the overage or shortage. At the invoice prompt enter **PCASH**. All of the receipts have been accounted for and the summary below shows the following expenditures have been made from the fund:

| | |
|-----------------------|----------------|
| Store & Shop Supplies | \$87.50 |
| Miscellaneous Expense | \$7.50 |

June 30

Sold all 1,000 shares of the PKL Corporation common stock that has been held as a short-term investment. The selling price of the stock was **11 1/2**, less a commission of **\$275.00**. The original purchase price for these shares was **\$8,000.00**. At the invoice prompt enter **INVST** for investment.

June 30

Customer Chris Nelson returned one of the batteries which he **purchased on credit** June 26 for a retail price of **\$58.80** plus sales tax (sales invoice number **G4023**). The returned battery **inventory stock number is KW001** and has a **wholesale cost** of **\$29.40**. Issued credit memo number **CM602**, credited Mr. Nelson's account, and returned the item to inventory.

Now that you have completed entering the transactions for the last seven days of the internship program, June 24-30, it is time to check the accuracy of your work. The "**Check It Out**" box below has the correct balances of key accounts that you have been working with this period. If any of your account balances do not agree with the check figures, apply the necessary audit procedures used in this accounting system and make the necessary correction/s.

Click on **Journals/Ledgers/Statements**, select **Subsidiary Ledgers**, then select **Inventory**. The correct value of the perpetual inventory at the close of business, June 30, is **\$159,956.82**. This total is the **perpetual inventory** and should match the balance of the Merchandise Inventory account shown on the trial balance.

When all of your totals match the check figures, continue to the **Bank Reconciliation**.

"CHECK IT OUT"

| | | |
|----------------------------|---------------------------------------------|---------------------|
| 101 | Cash | \$81,841.77 |
| 105 | Accounts Receivable | 30,195.07 |
| 107 | Accounts Rec., Credit Card Companies | 15,394.05 |
| 109 | Notes Receivable | 10,000.00 |
| 121 | Prepaid Insurance | 6,175.00 |
| 127 | Store and Shop Supplies | 3,786.92 |
| 201 | Accounts Payable | 16,856.12 |
| 203 | Notes Payable | 0.00 |
| 205 | Sales Tax Payable | 1,818.30 |
| 221 | Unearned Storage Fees | 15,640.00 |
| 401 | Watercraft and Accessory Sales | 304,888.55 |
| 402 | Sales Returns and Allowances | 2,254.20 |
| 411 | Service Fees Earned | 9,112.75 |
| 501 | Cost of Goods Sold | 222,412.80 |
| 505 | Transportation-In | 604.00 |
| 604 | Advertising Expense | 3,558.50 |
| 606 | Delivery Expense | 953.10 |
| 607 | Credit Card Expense | 1,355.72 |
| 629 | Professional Expense | 908.00 |
| 631 | Cash Short & Over | 21.05 |
| 731 | Gain on Short-Term Investments | 5,485.00 |
| TRIAL BALANCE TOTAL | | \$746,962.31 |

BANK RECONCILIATION

Before entering your adjusting entries, complete the bank reconciliation (**page 9**) for June 30, the statement date, and the last workday of the month. **Enter the cash balance from the trial balance as the book balance, and \$70,919.23 as the bank statement balance.** Additional information needed to complete the reconciliation is listed below:

1. A late deposit of **\$11,225.00** was not listed on the bank statement.
2. Accrued interest earned on the checking account totals **\$63.80**
3. The debit memo from the bank for miscellaneous account services (charged to Bank Service Charges) totals **\$45.60**
4. During the month of June, customers purchased **\$11,278.44** in merchandise and services using their **bank credit cards**. A debit memo with the bank statement charges Granite Bay Jet Ski **3% of the total of these sales receipts as a credit card fee (Credit Card Expense)**. On all calculations remember to **round your answer to the nearest cent**.
5. Checks **31235, 31236, and 31237** were not returned with the bank statement.

Using the **Journalize Daily Entries** option, record the required transactions resulting from the bank reconciliation. Since the entries are **updating** the balance of the cash account and **no check is being issued**, when the system asks for a check number, enter **BKS06**. When an invoice number is requested for the interest earned, or bank service charge, also enter **BKS06** (Bank Statement for June).

Print a copy of the Trial Balance! THIS IS THE TRIAL BALANCE THAT WILL BE USED WHEN RECORDING THE ADJUSTING ENTRIES FOR THE BUSINESS! DO YOUR TOTALS MATCH THESE FINAL CHECK FIGURES?

1. The **June 30 Trial Balance After the Bank Reconciliation balance is \$747,026.11.**
2. The new balance of the Cash account is **\$81,521.62.**
3. **Bank Service Charges totals \$120.60, Interest Earned totals \$280.80, and Credit Card Expense totals \$1,694.07.**

If your balances match all of the check figures, you are ready to record the adjusting entries for June 30, the end of the quarter.

BANK RECONCILIATION
GRANITE BAY JET SKI INCORPORATED

NAME _____
SECTION _____ **DATE** _____

BANK RECONCILIATION
GRANITE BAY JET SKI INCORPORATED
JUNE 30

Book Balance: \$ _____
Add: _____
Total \$ _____

Deduct: _____ \$ _____
_____ \$ _____
\$ _____

Reconciled Book Balance \$ _____
=====

Bank Balance: \$ _____
Add: _____ \$ _____
Total \$ _____

Deduct: _____

Check No. _____ \$ _____

Check No. _____ \$ _____

Check No. _____ \$ _____ \$ _____

Reconciled Bank Balance \$ _____
=====