

Gold Run Snowmobile

5th Edition

Transactions for December 4-10

Page 1

Gold Run Snowmobile – Module 1

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BEGIN THE GOLD RUN SNOWMOBILE PROGRAM

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

The transactions for your first work week in December (4th through 10th) follow. You are encouraged to prepare your account entry information before sitting down at the computer. This procedure may speed up your data entry time. An example of a written analysis before the data entry is shown on **page 4** with the first December 4 transaction.

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 to the screen during the data entry process. This makes the recording of transactions and related information a very quick, easy, and efficient procedure. If you are not currently logged on to Internet Explorer, log on to **www.pklsoftware.com**.

- 1.** To access the Gold Run Snowmobile program, click on the **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 there are journal entries already 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 off the program or moving from other selection options on the Data Entry page.

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.

TRANSACTIONS FOR DECEMBER 4-10

Student Analysis

December 4

Performed service and adjustment work on a Swift Enduro Snowmobile and 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 \$ 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 date, entry account number, or amounts are not properly entered, you will be given an error message with the appropriate details. If the entry is correct, 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 Post button. Your data entry will be automatically recorded in the General Journal and posted to the General Ledger.**

If after verifying the entry, you realize that an account number or entry is not correct, you may click on Clear Screen from the Menu Bar and reenter, verify, enter any additional required data, and then post the correct entry. Continue recording and posting the transactions that follow.

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 transactions. **A complete summary of the error correction process is presented at the end of this problem on page 18.**

TRANSACTIONS FOR DECEMBER 4-10

Student Analysis

December 4

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 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 button.**
3. **The date of the second transaction is also December 3.**
4. **AFTER THE ERROR ENTRY HAS BEEN BACKED 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 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 Journals/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.

TRANSACTIONS FOR DECEMBER 4-10

Student Analysis

Note: The following time-saving options may be used when journalizing transactions!

USING THE PULL-DOWN CHART AUTOMATIC BALANCING OF JOURNAL ENTRY AMOUNTS

December 4

Purchased on account from Buster Supply, store equipment listed at \$386.00 and store supplies listed at \$123.76. Sales taxes are included in the listed prices of these assets. The invoice number for this transaction is **B5667** and Buster Supply offers net 10 credit terms.

- 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 check mark 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 enter the exact amount of 509.76 needed to balance the journal entry.**
- 5. Move the pointer to the Verify Journal button and the (Debits = Credits) amounts are verified and click the Verify Journal button.**
- 6. At the invoice prompt, enter B5667 as the invoice number.**
- 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 scroll bar to select the correct vendor or customer or enter the vendor or customer number.

TRANSACTIONS FOR DECEMBER 4-10

Student Analysis

December 4

Sold for \$7,944.75 cash one model SW660 Swift Snowmobile. This model retails for \$7425.00 **plus 7% sales tax**. The sales invoice for this transaction is **G3007**.

Because a perpetual inventory system is being used by Gold Run Snowmobile, Inc., for each entry where a product is sold, an update of the specific inventory items being 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.
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 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, Accessories, & Parts Sales account, and all data is correct, click on the Post button.

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

TRANSACTIONS FOR DECEMBER 4-10

Student Analysis

December 5

Received a new shipment of Cruze Faceshields for inventory. **All merchandise purchases by Gold Run Snowmobile are recorded NET.** Invoice **S4101** 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).**

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 button.

December 5

Issued check number **30091** to replenish the Petty Cash fund and to increase the size of the \$50 fund to a \$100 balance. 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. At the invoice prompt enter **PCASH**.

December 5

Received a check for \$915.00 from the Downieville Dusters for storage fees on their snowmobiles and issued sales invoice number **G3008**. This check prepaays their storage fees for December, January and February.

TRANSACTIONS FOR DECEMBER 4-10

Student Analysis

December 6

Received a cash dividend of \$.385 (38.5 cents) per share on the 1000 shares of Granite Corporation common stock held as a short-term investment. At the invoice prompt enter **CASHD** for cash dividend earned.

December 6

Received a new shipment of Trail-Tracker Snowmobiles for inventory. Invoice **T4357** from Trail-Tracker, Incorporated, lists the total **net purchase price of \$27,244**, credit terms of 2/10, n/30, FOB destination shipping terms, and the models shipped.

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

The **NET purchase price of the merchandise has been calculated at \$27,244 (list price of \$27,800 x .98 = total net cost of \$27,244).**

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 button.

TRANSACTIONS FOR DECEMBER 4-10

Student Analysis

December 6

Completed service and installation work on a customer snowmobile and the customer paid for the work in full. Sales invoice number **G3009** lists \$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).

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).

December 8

Billed the Running Ramblers \$243.04 plus sales tax for accessories installed for no-charge on their racing craft (sales invoice number **G3010**).

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

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. When the invoice number is requested type **WROFF**.

TRANSACTIONS FOR DECEMBER 4-10

Student Analysis

December 8

Sold for cash **two** Trail-Tracker Enduro snowmobiles to customer Jasmin Rossette for \$8,575.00 **each** 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

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, has no current market value, and was fully depreciated two years ago. At the invoice prompt type **DONAT** for donation.

December 9

Purchased merchandise on account from Swift Incorporated, at a total net cost of \$62,172. The invoice number is **S4234**, cash terms are 1/10, n/30, and the merchandise is shipped FOB destination. Although a larger order was placed, due to heavy demand, only eight of the Swift Enduro snowmobiles were available for this shipment. Gold Run is currently out of stock on this very popular item.

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

TRANSACTIONS FOR DECEMBER 4-10

Student Analysis

December 10

Purchased \$5,010 worth of merchandise and accessories from Morelli Sports Equipment. The invoice number is **M4006**, cash terms are net 30, and the goods are shipped FOB shipping point. The transportation costs will be billed separately by the carrier.

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

December 10

Issued check number **30092** and paid a cash dividend of \$.23 per share 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. At the invoice prompt enter **DPAID** for dividend paid.

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. In the "Check It Out" box on the following page are the correct balances of key accounts that you have been working with this period.

1. Move the pointer to Journals/Ledgers/Statements in the Menu Bar, move down to the General Ledger selection and click. The completed Trial Balance will appear on the screen.
2. Check your balances against the totals shown in the "Check It Out" box on the next page.

“CHECK IT OUT”

101	Cash	\$40,556.39
105	Accounts Receivable	36,115.27
106	Allowance for Doubtful Accounts	107.50
127	Store and Shop Supplies	2,292.26
132	Accum. Depre., Store Equip. & Fix.	14,430.00
201	Accounts Payable	137,962.26
205	Sales Tax Payable	4,093.55
207	Dividends Payable	0.00
221	Unearned Storage Fees	11,015.00
401	Snowmobile, Access., & Parts Sales	164,568.84
411	Service Fees Earned	10,982.50
501	Cost of Goods Sold	100,131.92
604	Advertising Expense	1,734.75
713	Dividends Earned	504.00
TRIAL BALANCE TOTAL		\$665,133.94

3. **WHEN ALL OF YOUR TOTALS MATCH THE CHECK FIGURES**, move the pointer to **Journals/Ledgers/Statements**, down to **Subsidiary Ledgers**, and right to **Inventory** and click. The value of the perpetual inventory at the close of business on December 10 should total **\$183,669.35** on the Inventory Analysis form and the General Ledger Merchandise Inventory card. This check figure should also match the Merchandise Inventory account balance found on the December 10th Trial Balance.
4. Although no printed documents are required for December 10, if you wish any printed documents, **they must be printed now before entries for the second accounting period of December 11-17 are recorded.** Additional entries will change the account balances. **Your instructor may ask for a printed Trial Balance or specific documents. If you have completed your work for this session, click on Home page, then click on Close and exit the program.**

If any of your account balances DO NOT match the check figures, in the “Check It Out” box, you must correct the unmatched balances before continuing to Module 2. The most efficient method of locating and correcting the error/s is to a print 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. **Any account that is not correct is a MAJOR CLUE for you to check out.**

You have two options available to you for handling unmatched balances. Examine your documents, locate the error/s, and return to the General Journal and record the required correction entries. **Detailed error correction procedures for Gold Run Snowmobile are found on pages 16 and 17.**

OPTION ONE: Find and Correct the Errors

1. Move the pointer to **Journal/Ledgers/Statements** in the Menu Bar, then down to **General Ledger** and click. Print a copy of the **Gold Run Snowmobile Trial Balance**.
2. Move the pointer to **Journal/Ledgers/Statements** in the Menu Bar, then down to **General Journal** and click. Print a copy of the **General Journal**.
3. From the accounts on the Trial Balance that do not match the check figures, check you journal entries for 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 error entry and then reentering it correctly. (See page 18.)
4. When your balances match the “Check It Out” box figures, return to instruction 3 and 4 below the “Check It Out” box on page 15.

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, (December 10). 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** and click. Click on **Copy** and the files will be set back to **December 4, the beginning of the project.**

ERROR CORRECTION PROCEDURES

For the Gold Run Snowmobile Accounting System

JOURNAL ENTRY CORRECTION

Carefully examine all entries recorded for each period and when an error is found use the following correction procedure:

1. **Back the transaction out using the date used in the error entry.**
2. **Enter the correct transaction using the correct date of the original entry.**

If, for example, you find that a cash sales transaction for December 3 was entered without recording the 7% sales tax, simply **back out (reverse)** the error as follows:

Dec. 3

Service Fees Earned	300.00	
Cash		300.00

Enter **ERROR** at the check number prompt since this is a **correction** to cash and **does not** involve the issuance of another check. When the entry has been verified, the accounts will now show the original balances in place before the error entry.

Using the same December 3 date, record the correct entry.

Dec. 3

Cash	321.00	
Service Fees Earned		300.00
Sales Tax Payable		21.00

The error entry, the back-out entry, and the correction entry will appear in the accounting records in the order that they have been recorded, leaving a clear, easy-to-follow audit trail.

When your account balances match those in the "**Check It Out**" box, you are ready to enter the transactions for Module 2, December 11-17. To begin your work on Module 2, you must first print the manuscript pages for this module. Move the pointer to Support, down to Download Gold Run, and select Part 2, December 11-17 and the Mid-Project Evaluation.

If you are finished entering transactions for this session, move the pointer to Home page (below Support) and click. Then click on Close to exit the program. When you begin the next data entry session, remember that your first step will be to print the manuscript for Module 2, December 11-17.