Zacks Bike Hut

Level II

Transactions For June 3-9

BEGIN
ZACKS BIKE HUT

When you have: (1) Printed and carefully read Getting Started With Zacks Bike Hut and registered as a user of this website, (2) Carefully read pages 2-10 of "An Introduction To Zacks Bike Hut", (3) A good understanding of the accounts used by Zacks Bike Hut, you are ready to begin the journalizing process.

The transactions for your first work week in June (3rd through 9th) follow, and 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 5** with the first June 3 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 PKLSoftware.com.

1. To access the Zacks Bike Hut program, click on the **Zacks Bike Hut** 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: Be sure to disable any Pop-up Blocker installed on your computer. Disabling Pop-up Blockers allows you to print documents in any PKL Software program without complications caused by the Pop-up Blockers. To disable Internet Explorer's Pop-up Blocker, follow the instructions on page 3.

To Disable Pop-up Blockers

Disabling Pop-up Blockers allows you to print documents in any PKL Software program without complications caused by the Pop-up Blockers. This will not disable your Pop-up Blockers for any other programs that you wish to run. To disable Internet Explorer's Pop-up Blocker, perform the following directions.

1. Launch Internet Explorer.

2. In the **Tools** drop down menu, click on **Internet Options**.

3. Select the **Privacy** tab and click on the **Settings** button under the Pop-up Blocker section at the bottom of the window.

4. Enter **http://www.pklsoftware.com** in the space below the **Address of Web site** and then click the **Add** button.

5. Click on the **Close** button to close the **Pop-up Blocker Settings** window and click on the **OK** button to close the **Internet Options** window.

To disable Google Toolbar's Pop-up Blockers, perform the following directions.

To completely disable the Google Toolbar Pop-up Blocker, open the **Toolbar Options** window and clear the **checkbox** next to **Pop-up Blocker** in the **Accessories** section. To let a Pop-up through on a **one time basis**, press and hold the **CTRL key** as you **click** on a **link** to navigate to the new page.

If you find that you are still unable to print your documents, you may need to remove the Pop-up Blockers as a step in the printing process.

All documents will print if all Pop-up-Blockers or firewall barriers for PKL Software programs are removed.

Print the following documents: June 2 Trial Balance, Schedule of Accounts Receivable, Schedule of Accounts Payable, and Inventory Analysis.

1. **From the Menu Bar, click on Journals/Ledgers/Statements.**

2. **Select General Ledger and print the Trial Balance.**

3. **Move the pointer to Journals/Ledgers/Statements.**

4. **Select Subsidiary Ledgers, select Accounts Receivable Ledger, and print the Schedule of Accounts Receivable.**

5. **Move the pointer to Journals/Ledgers/Statements.**

6. **Select Subsidiary Ledgers, select Accounts Payable Ledger, and print the Schedule of Accounts Payable.**

7. **Move the pointer to Journals/Ledgers/Statements**

8. **Select Subsidiary Ledgers, select Inventory, and print the Inventory Analysis.**

The totals of the beginning trial balance of June 2 should be $343,963.73.

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Heads Up:
In this module you will be required to (1) record purchases 'net' of discount, (2) record purchases and sales using a perpetual inventory system, (3) replenish a petty cash account, and (4) declare a cash dividends.

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TRANSACTIONS FOR JUNE 3-9

June 3

Performed service and adjustment work on a mountain bike and the customer paid cash of **$82.93** for the work completed. The bill included **$77.50** for 1.25 hours of labor (**$62.00** per hour) plus sales tax (7%) of **$5.43** (rounded to the nearest cent). The sales invoice number for this transaction is **Z1604**. No parts were needed to complete this job.

1. **At the date prompt, for June 3, enter 03 for the 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 on 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 enter 82.93 without the $ 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 amount column, enter 77.50 as a 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 amount column and enter 5.43 (do not press the Enter key or the Tab key). Press the <u>Verify Journal</u> 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 any part of the journal entry is incorrect, click on the date, account, or amount location and reenter the correct information.**

5. **At the invoice number prompt, Z1604 as the sales invoice number. Document letters may be entered in upper or lower case.**

6. **Check the entry carefully. If you wish to make a correction to the invoice number, click on the invoice entry box and enter the correct number. If the entry is correct, click on the <u>Verify Documents</u> button, then click on the <u>Post Entry</u> button.**

Continue entering the transactions for the first week. If you discover that a transaction entered into the system at an earlier time needs correction, **simply reverse or back out the incorrect entry and then enter the transaction correctly**. Detailed instructions on error correction procedures are given at the end of this Module.

Transactions for June 3-9 Continued…

Student Analysis

USING THE CHART OF ACCOUNTS FOR DATA ENTRY

June 3
Purchased on account from Bingham Supply (**20500**), store equipment listed at **$246.00** and store supplies listed at **$65.00**. Sales tax is included in the list prices of these assets. The invoice number for this transaction is **B5787** and Bingham Supply offers net 30 credit terms.

1. **At the date prompt, enter 03 for the date.**

2. **Tab to the Account Numbers and Titles column. Click on the down arrow key ↓ and select account number 131, Store Equipment and the account name will automatically be entered in the account title column of the general journal. The account number will appear in the Account Numbers and Titles column. Tab to the debit amount column and enter 246.00.**

3. **Click on the down arrow key in the Account Numbers and Titles column and then click on account number 127, Store and Shop Supplies. Enter the second debit amount of 65.00.**

4. **Click again on the down arrow key in the Account Numbers and Titles column and then click on account number 201, Accounts Payable. Tab to the credit column and enter $311.00.**

5. **Click on the <u>Verify Journal</u> button.**

6. **At the invoice prompt enter invoice number B5787.**

7. **At the vendor number prompt, click on the down arrow key and select Bingham Supply (20500). For future entries involving accounts payable or accounts receivable, use the scroll bar to select the proper vendor or customer.**

8. **When all the data displayed is correct, click on the <u>Verify Documents</u> button, then click on the Post Entry button.**

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Transactions for June 3-9 Continued…

June 4

Received a new shipment of **five** (5) Novara bikes from Crater Bikes, Incorporated **(20750)**. **All merchandise purchases by Zacks Bike Hut are recorded NET**. Invoice **C5914** shows the **list price** of the bikes at $**400.00** each. The calculated Net purchase price of each unicycle that will be recorded in the inventory section of the journal entry is **$392.00** ($400.00 list price x .98 = the net purchase price). The credit terms are 2/10, net 30 and the merchandise is shipped FOB destination.

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

Stock Number	Item	Quantity	Net Cost Per Unit
A0100	NOVARA	5	$392.00

The calculated NET purchase price of each bicycle that will be recorded in the inventory section of the journal entry is $392.00 ($400.00 list price x .98 = the net purchase price).

1. **After entering the date, and the debit to account 115, Merchandise Inventory, click on the Support from the Menu Bar then select Calculator.**

2. **The net price of the purchase can be calculated and entered in the journal directly from the calculator. Enter $2,000 (without a dollar sign or comma) on the calculator by using the pointer and clicking on the numbers.**

3. **Click on the * sign (multiply) and then enter .98.**

4. **Click on the = sign. The correct net merchandise cost of $1,960.00 will be displayed. Enter this amount in the debit dollar column.**

5. **Enter the appropriate credit entry account (201) and enter the credit amount.**

6. **Enter the invoice number (C5914), and the vendor number (20750).**

7. **If all of the document entry information is correct, click the Verify Documents button.**

8. **The Inventory Item Number and Description column will become highlighted.**

9. **Enter the inventory stock number (A0100) and tab to the Units column.**

10. **Enter the quantity (5).**

11. **Click on the <u>Verify Inventory Data</u> button.**

12. **Upon verification of agreement, click on the <u>Post Entry</u> button.**

The perpetual inventory will be automatically updated when this entry is posted.

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Transactions for June 3-9 continued…

Student Analysis

June 4
Issued check number **02611** to replenish the Petty Cash fund. Invoices for this transaction list **$34.25** for store supplies, **$7.75** for delivery charges, and **$6.50** for miscellaneous items. There is currently $1.50 left in petty cash. At the invoice prompt enter **PCASH**.

Transactions for June 3-9 continued…

June 5
Sold for cash one model **A0024** road bike for **$5,175.00** plus 7% sales tax. The sales invoice for this transaction is **Z1605**.

Merchandise listed on the sales invoice:

Stock Number	Item	Quantity	Net Cost Per Unit
A0024	WINDOWS PEAK - DEEMA	1	$3,450.00

Because a perpetual inventory system is used by Zacks Bike Hut, for each entry where a product is sold, an update of the specific items sold will be a part of the journal entry. After the sale entry is recorded and posted, a second journal entry will automatically be entered and posted by the program. This entry will debit (increase) the Cost of Goods Sold account and credit (decrease) the Merchandise Inventory account.

Enter the journal entry for the sales transaction. Enter the invoice number and click on the Verify Documents button.

The Inventory Item Number and Description column will become highlighted.

Enter the stock number, tab to the Units column and enter the 1.

Click on the Verify Inventory Data button.

(Entry information continued on next page.)

Note: The bike being sold for $5,175.00 cost the business $3,450.00 (net). All road and mountain bikes carry a 50% markup on net cost (33 1/3% markup on selling price). The net cost ($3,450.00) plus the programmed markup of $1,725.00 = the retail selling price of $5,175.00 ($3,450 x 150%) and must match the credit entry to Sales or the computer program will not accept the journal entry.

Upon verification of agreement, click on the Post Entry button. When the sale and inventory information has been entered, verified, and posted, the program will automatically journalize and post the update to the Cost of Goods Sold and the Merchandise Inventory accounts.

Transactions for June 3-9 continued…

June 6
Received a new shipment of bikes for inventory from American Cycles (**20150**). The invoice (**A4111**) lists the total net purchase price of **$2,140.00**, net 10 credit terms, and FOB destination shipping terms.

<u>Remember that all merchandise purchases by Zacks Bike Hut are recorded NET.</u>

Merchandise listed on the purchase invoice:

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
A0026	**WIKI PEAK**	**4**	**$310.00**
A0300	**CASCADE PEAK**	**1**	**$900.00**

1. **Enter the invoice number (A4111) and the vendor number (20150).**

2. **If all of the document entry information is correct, click on <u>Verify Documents</u> button.**

3. **The Inventory Item Number and Description column will become highlighted.**

4. **Enter the inventory stock number (A0026) and tab to the Units column.**

5. **Enter the quantity (4) and tab to the Inventory Item Number and Description column.**

6. **Enter the inventory stock number (A0300) and tab to the Units column.**

7. **Enter the quantity (1).**

8. **Click on the <u>Verify Inventory Data</u> button.**

9. **Upon verification of agreement, click on the <u>Post Entry</u> button.**

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Transactions for June 3-9 continued…

June 6

Issued check **02612** for **$198.00** to the Biking News for advertising copy that will appear in June and July issues of the paper (invoice **B2930**). Review Introduction for handling advertising expenses.

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June 6

Issued check **02613** for **$13,650.00** to Crater Bikes, Incorporated (**20750**) as payment in full for invoice **C5884** of May 27.

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June 7

Received cash from a customer covering **$275.00** for lesson fees **plus** the required 7% sales tax. The customer will begin receiving her lessons twice a week over the next several weeks (sales invoice **Z1606**). All cash received in advance for lesson fees is credited to the Unearned Lesson Fees account.

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June 7

Received a **$4,568.00** check from Sierra Rough Necks as payment in full on a May 3 invoice (**Z1531**). Select Sierra Rough Necks from the customer list.

Transactions for June 3-9 continued…

June 8
Sold three (3) mountain bikes to a biking club (invoice **Z1607**). The bikes retail for **$3,127.50 each** plus sales tax. The customer used a **Bank Credit Card**. Review **Bank Credit Card and Company Credit Card Sales** in the Introduction Module, Page 2.

Merchandise listed on the sales invoice:

Stock Number	Item	Quantity	Net Cost Per Unit
A0008	ZIPP 900	3	2,085.00

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June 9
The Board of Directors of Zacks Bike Hut declared a quarterly dividend of **$ .65** a share to all stockholders of record on June 20. The corporation currently has **10,000** shares of $10.00 par value stock outstanding. June 30 has been declared as the date of payment. At the invoice prompt enter **DIVDC** for dividend declared.

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This is the last transaction for June 3 to June 9.
Now that you have completed entering the transactions for the first week of the internship program, June 3-9, it is time to check the accuracy of your work.

Move the pointer to **Check Figures** and click. The 'check figures' for Week One will appear in the text box. Scroll down through the accounts to verify the correctness of your ledger account balances. **Print** a copy of the Check Figures.

If you have correct balances, continue to **Instructions** on the next page. Should you have any incorrect balances, go to **Error Correction Procedures** at the end of this module.

Instructions

Although no printed documents are required at the end of this Module, if you wish any printed documents for June 9, they must be printed now before the entries for the second accounting period of June 10-16 are recorded. Additional entries will change the account balances. Your instructor may ask for a printed Trial Balance or specific documents.

1) Move the pointer to **Journals/Ledgers/Statements** then select **General Ledger.** The Trial Balance for June 9 will appear on the screen. **Print** the **Trial Balance**.

2) Move the pointer to **Journals/Ledgers/Statements,** scroll down to **Subsidiary Ledgers** and select **Inventory.** The Inventory Analysis will appear on the screen. The value of the perpetual inventory at the close of business on June 9 should total **$28,337.00. Print** the Inventory Analysis.

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

CONTINUING TO MODULE 2

If you have printed all the required documents, you are ready to begin the data entry for Module 2, which includes the transactions for June 10-16. To begin, you must first print a copy of Module 2: Transactions for June 10-16 and Mid Project Evaluation. Move the pointer to Support on the Menu Bar and select Download Student Manual. Select Module 2: Transactions for June 10-16 and Mid Project Evaluation and print it.

EXITING THE SYSTEM

If you have completed your work for this session, click on Administration, scroll down to Return to Home Page and click. You can exit the program at any point and return to that point at a later time.

ERROR CORRECTION PROCEDURES

In this first Module (June 3-9), you have <u>two options</u> available for handling unmatched balances:

OPTION ONE: Find and Correct the Errors

1. Move the pointer to Journals/Ledgers/Statements in the Menu Bar, then down to General Ledger and click. Print a copy of Zacks Bike Hut Trial Balance.

2. Move the pointer to Journals/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 your journal entries for errors. Make sure the journal entries from your manual match the journal entries in the general journal. In order to make the necessary corrections, read ERROR CORRECTION PROCEDURES at the end of this module.

4. When your balances match the "Check It Out" box figures, you are ready to begin entering the transactions for Module 2, June 10-16. See "<u>Continuing to Module 2</u>" on the next page.

OPTION TWO: Starting Over – Reset to the Beginning of Module 1.

If you find that you have several errors, you may wish to reset to the beginning of the practice set and start again.

<u>The reset option can only be used at the end of Module 1 (June 9). You cannot reset back to the beginning of the set if you have entered journal entries for Module 2 (June 10) or later</u>.

To reset back to the beginning of the practice set, move the pointer to <u>Support,</u> then down to <u>Restore To Beginning Balances</u> and click. Click on Start Copy and the files will be set back to June 2, the beginning of the project.

For **accuracy, efficiency,** and **a clear audit trail,** use **ONLY** the correction system designed for the Zacks Bike Hut accounting system. **Any account that is not correct is a MAJOR CLUE for you to check out.** If, for example, you do not match the correct balance of the Accounts Receivable account, carefully check the journal entries involving that account. However, if Sales Tax Payable is one of the accounts you do not match, this is a strong indication that you have one or more errors in the entries involving the sale of merchandise or services. **USE only the Error Correction Procedures outlined below.**

JOURNAL ENTRY CORRECTION

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

1. **Reverse the incorrect journal entry using the date of the error entry.**

2. **Enter the transaction correctly using the correct date of the original entry.**

If, for example, you find that the cash sales transaction of **June 8** was entered without recording the sales tax, simply **reverse** the error as follows:

June 8	Sales	9,382.50	
	Cash		9,382.50

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 show the original balances in place before the error entry.

Using the same June 8 date, record the correct entry:

June 8	Cash	10,039.28	
	Sales		9,382.50
	Sales Tax Payable		656.78

The reversing entries and the correct entries will appear in the accounting records as the last entries for Module 1, leaving a clear audit trail.