Zacks Bike Hut

Transactions For June 10-16

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Heads Up:
In this module you will be required to (1) write-off an account receivable using the 'allowance' method, (2) record a purchases discount lost, and (3) record the sale of a short-term investment.

TRANSACTIONS FOR JUNE 10-16

Student Analysis

June 10
Received notice from Miles Collection Agency that states they have been unable to locate customer **Sally Bridges** (**10200**) and initiate any collection of the **$565.00** balance owed since April 5 of this year. Write off the accounts receivable account balance as uncollectible. Remember that the allowance method is used to account for bad debts. At the invoice prompt enter **WROFF** for bad debt write off.

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June 10
Received a check from **Western National Credit Card Company** for **$2,064.08** as payment in full on credit card invoices that had been received through June 2. The invoices, for sales made in late April and May, totaled **$2,144.50** and Western National charges a 3.75% fee for use of their system. The summary number for these invoices is **CC411**.

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June 11
Returned store supplies with a total cost of **$20.50** to Bingham Supply (**20500**). The store supplies were purchased on credit from Bingham on June 3 (invoice number **B5787**).

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June 12
Issued check **02614** for **$435.00** as payment in full of the June 2 invoice (**ZB538**) from Zebra Bikes, Inc.

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Transactions for June 10-16 continued…

Student Analysis

June 14
Sold **six** Wiki Peak bikes. Sales invoice **Z1608** lists the total selling price including sales tax at **$2,985.30.** The customer used a **Western National Credit Card.** Divide the invoice total by 1.07 to determine the retail selling price of the merchandise. 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
A0026	**WIKE PEAK**	**6**	**$310.00**

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June 14
Issued check **02615** as payment in full of American Cycles (**20150**) invoice **A3499** totaling **$385.00.**

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June 15
While examining the Crater Bikes, Incorporated account, it is discovered that another invoice (**C5914**) for **$1,960.00** dated June 4 was filed incorrectly and today is the 11th day rather than the 10th day.
Two entries are required:

(1) Record the **$40.00 discount lost**.
(2) Issue check number **02616** in payment of the full amount due.

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Transactions for June 10-16 continued…

Student Analysis

June 15
Sold all of the common shares held as a short-term investment. The **500** common shares sold for **10 1/2**, **less a commission of $75.00.** The entire block of stock was purchased earlier in the year at a total cost (including commission) of **$4,125.00.** Be sure to account for the gain or loss on this transaction. At the invoice prompt enter **STINV** for short-term investment.

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June 16
Issued check number **02617** to Louis Manich, the part-time repair and sales person for the business. Louis is paid **$15.75** per hour and worked **37.0** hours during the past two-week period ended June 15. At the invoice prompt enter **PAYRL** for payroll.

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This is the last transaction for June 10 to June 16.

Now that you have completed entering the transactions for the second week of the internship program, June 10-16, it is time to check the accuracy of your work.

Move the pointer to **Check Figures** and click. The 'check figures' for Week Two 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.

Should you have any incorrect balances, go to **Error Correction Procedures** at the end of Module One.

When your totals match the check figures, print the following documents:

1. **Trial Balance for June 16**

   Move the pointer to **Journals/Ledgers/Statements,** then select **General Ledger. Print** the Trial Balance.

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2. Click on **Ledger Cards** and **print the Cash account (101)**.

   From the ledger account selection box select the **Cash** ledger card, then click on **Show Ledger Card,** and print the document. **Print a copy of each of the general ledger cards on the list that follows.**

   105 Accounts Receivable
   115 Merchandise Inventory
   201 Accounts Payable
   401 Sales
   501 Cost of Goods Sold
   505 Transportation-In
   606 Delivery Expense
   633 Discounts Lost

3. **The Schedule of Accounts Receivable**

   Move the pointer to Journals/Ledgers/Statements, select Subsidiary Ledgers, and then Accounts Receivable Ledger. Print the Schedule of Accounts Receivable.

4. **The Individual account information for ALL customers**

   Click on the All Customers button and print the Accounts Receivable Subsidiary Ledger.

5. **The Schedule of Accounts Payable**

   Move the pointer to Journals/Ledgers/Statements, select Subsidiary Ledgers, and then Accounts Payable Ledger. Print the Schedule of Accounts Payable.

6. **The Individual account information for ALL vendors.**

   Click on the All Vendors button and print the Accounts Payable Subsidiary Ledger.

7. **The Inventory Analysis Form**

   Move the pointer to Journals/Ledgers/Statements, select Subsidiary Ledgers, and then Inventory.

8. **Print Individual Inventory Items**

   Click on Inventory Item button and select A0008. Click on Show Inventory Item and then **Print** the listed documents.

   Print A0008, A0026, A0100, and B1120.

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COMPLETE THE MID-PROJECT EVALUATION

1. **Have your required printed documents at hand**

2. **Click on Evaluations on the Menu Bar**

3. **Select Mid-Project Evaluation**

4. **Using the required printed documents, carefully answer the questions on the Mid-Project Evaluation.**

Follow your professor's instructions as to how to complete and submit your Mid-Project Evaluation.

When you have printed all required documents and completed the Mid-Project Evaluation, you have items listed below to check before you begin the data entry for Module 3: Transactions for June 17-23. Be sure to back up your data files. See "BACKUP YOUR DATA FILES" below.

BACKUP YOUR DATA FILES

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 2. This file will allow you to return to the end of Module 2, even after entering transactions beyond Module 2.

PRINTED DOCUMENTS – A REMINDER

If you wish any printed documents dated June 16, they must be printed now before entries for the third accounting period of June 17-23 are recorded. Additional entries will change the account balances. Your instructor may ask for specific documents.

CONTINUING TO MODULE 3

If you have printed all the required documents, you are ready to begin the data entry for Module 3. To begin, you must first print a copy of the Module 3 Transactions for June 17-23, manuscript. Move the pointer to Support on the Menu Bar and select Download Student Manual. Select Module 3: Transactions for June 17-23 and print a copy.

EXITING THE SYSTEM

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

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MID-PROJECT EVALUATION **NAME**_____
ZACKS BIKE HUT **CLASS DAY AND TIME**_____**DATE**_____

1. What was the correct balance of the Cash account at the close of business on June 4? **$**_____

2. What invoice was paid in full (check **02613**) on June 6? _____
Invoice Number

Carefully examine the Accounts Payable Subsidiary Ledger for the information to answer several of the following questions:

3. What was the balance of the Bingham Supply account before the return of supplies on June 11? **$**_____

4. What was the balance of the Crater Bikes account after the purchase of merchandise on June 4? **$**_____

5. If a $20,000 invoice from Zebra Bikes, Inc., was recorded net, and then not paid within the 10-day discount period, what would be the dollar cost to the business for this oversight? **$**_____

6. Since June 2, the balance of the accounts payable has: _____
A. Increased
B. Decreased
C. Not Changed

7. Identify by **number** the vendor's account that is over five days past due. _____
Number

Carefully examine the Accounts Receivable Subsidiary Ledger for the information to answer several of the following questions:

8. Does the balance of the Schedule of Accounts Receivable match the balance of the Accounts Receivable account? **Answer only Y for Yes or N for No.** _____

9. Identify by customer number, which customer paid invoice number **Z1531** in full? _____
Customer Number

10. By number (0, 1, 2, 3), how many customers have balances owed that are partially or fully past due (Zacks Bike Hut extends net 30 credit terms to all customers)? _____

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Mid-Project Evaluation Zacks Bike Hut continued…

11. If a freight invoice is received, and charges listed are for shipments of merchandise to Zacks Bike Hut customers, this invoice will be recorded as a debit to which account? _____

A. Merchandise Inventory
B. Delivery Expense
C. Transportation-In
D. Accounts Payable

Carefully examine the Inventory documents for the information to answer several of the following questions. Answers must be in a numeric (1, 2, 3, etc.) format.

12. How many inventory items are currently "out of stock"? _____

13. How many **A0100 Novara** bicycles are currently on hand? _____

14. Is there a need to order custom seats or protection combos? _____
Answer only Y for Yes or N for No.

15. What is the inventory stock number for a Custom Helmet? _____
Stock Number

16. How many units of stock number **A0026** have been sold since June 2? _____

17. How many **A0026** bicycles were purchased on June 6? _____

Answer questions 18-20 using the balances at the close of business activity, June 16.

18. What is the total for **Net** Sales? **$**_____

19. Excluding Accounts Receivable – Credit Card Company, what is the **Net** value of Accounts Receivable? **$**_____

20. What has been the **recorded cost to date** to Zacks Bike Hut, Inc., for customers who have purchased merchandise using bank and company credit cards? **$**_____

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