

# *Granite Bay Jet Ski, Incorporated*

*Level II*

*5<sup>th</sup> Edition*

## *Transactions For June 17-23*

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Granite Bay Jet Ski, Inc., Level II – Module 3

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**Heads Up:**

**In this module you will be required to record: (1) trade-in of equipment, (2) sale of obsolete equipment, and (3) payment of a short-term note payable.**

**TRANSACTIONS FOR JUNE 17-23**

**Student Analysis**

**June 17**

On March 20 of this year, Granite Bay Jet Ski, Inc., borrowed \$12,000 cash by issuing a 90-day, 11.0%, note payable. The proceeds of the note were received and deposited in the Cash account. This note is **due tomorrow** and is **paid in full** (including 90-day interest) with check number **31226**. Use a 360-day year when computing interest. At the invoice prompt enter **NTPAY** for note payable.

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**June 18**

Sold on account, to the Sierra Jet Set, two Water Dancer personal watercraft and a Starlight Trailer (sales invoice number **G4018**). The items, with the net cost price of each shown below, were sold at a retail selling price of net cost plus 25%. Remember to include the sales tax.

**Merchandise listed on the sales invoice:**

<b><u>Stock Number</u></b>	<b><u>Item</u></b>	<b><u>Quantity</u></b>	<b><u>Net Cost Per Unit</u></b>
<b>A900R</b>	<b>WATER DANCER ROCKET</b>	<b>2</b>	<b>\$7,425.00</b>
<b>AL600</b>	<b>STARLIGHT TRAILER D</b>	<b>1</b>	<b>\$891.00</b>

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**June 19**

Received a check for \$1,200 from the Shasta Skimmers as payment for six months rent (July-December) on their club's storage space. The sales invoice for this transaction is **G4019**.

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**June 20**

Received a check for \$417.33 from the Royal Bar Jetters as payment in full of their May 21 invoice. The invoice number for this

transaction is **G3971**.

## TRANSACTIONS FOR JUNE 17-23

### Student Analysis

#### June 20

Repaired a damaged steering mechanism for customer Darren O'Malley and also installed a new Hickster Pipe. Mr. O'Malley was billed for 3.25 hours of labor, accessories totaling \$430, plus sales tax (sales invoice number **G4020**). He paid with a Western National credit card (**company credit card**).

#### Merchandise listed on the sales invoice:

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
BM102	HICKSTER PIPE	1	\$215.00

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#### June 21

Traded the old company truck for a new truck issuing check number **31227** to complete the transaction. The old used truck cost \$4,800 and on **March 31, the end of the quarter**, had depreciated \$3,180. Straight-line depreciation on the old truck is \$80 per month (**DEPRE**). The new truck listed for \$18,950 (invoice **W3571**) and Wumbaugh Auto Sales allowed a \$2,825 trade-in allowance on the purchase of the new vehicle. **This trade has no commercial and no gain or loss will be recognized on this transaction.** An additional check (number **31228**) for \$510 was issued to the Department of Motor Vehicles (invoice **DMV06**) for the vehicle license fees. **Three entries are required for this trade.**

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#### June 21

Issued check **31229** and purchased additional store fixtures for better display and security of merchandise. The equipment lists for \$7,200 with a **special trade discount of 35% and sales tax on the net amount**. The invoice number for this purchase is **79002**.

## TRANSACTIONS FOR JUNE 17-23

Student Analysis

### June 21

Purchased accessories with a total net cost of \$635.00 from Larson Sports Equipment. The merchandise was delivered by Larson (invoice number **M3093**, terms net 30.)

#### Merchandise listed on the purchase invoice:

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
<b>M7000</b>	<b>CUSTOM RIDE PLATE</b>	<b>10</b>	<b>\$52.00</b>
<b>N6050</b>	<b>CUSTOM DECAL KIT</b>	<b>10</b>	<b>\$11.50</b>

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### June 22

Purchased additional store and shop supplies on account from Andregg Supply (invoice **A5049**). Andregg extends net 30 credit terms and the balance due on the invoice totals \$635.40 (supplies and sales tax).

\*\*\*\*\*

### June 22

Sold **two** Kawasaki Ultra 150 Personal Watercraft and **two** Starlight Quad **trailers** to Roy and Kristin Cobb. Sales invoice number **G4021** shows the total out-the-door sales price (including tax) to be \$23,922.00. Roy and Kristin paid **\$13,922** as a down payment and Granite Bay Jet Ski accepted a short-term, \$10,000, 8.5%, 60-day note receivable for the balance. *To calculate the amount of the sale (before sales tax) divide the total sales 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>
<b>AU150</b>	<b>JET SKI ULTRA 150</b>	<b>2</b>	<b>\$6,880.00</b>
<b>AL900</b>	<b>STARLIGHT QUAD</b>	<b>2</b>	<b>\$1,980.00</b>

## TRANSACTIONS FOR JUNE 17-23

### Student Analysis

#### June 23

Purchased accessories on account from Clear Water, Incorporated, (invoice **C5217**). The accessories list for \$540.00, **are recorded net**, and credit terms of 2/10, n/30 are extended by Clear Water, Incorporated. No freight charges will be incurred for this shipment.

#### Merchandise listed on the purchase invoice:

<u>Stock Number</u>	<u>Item</u>	<u>Quantity</u>	<u>Net Cost Per Unit</u>
<b>C0400</b>	<b>STAINLESS IMP. 1100</b>	<b>6</b>	<b>\$88.20</b>

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#### June 23

Received a certified check for \$5,080 from Arlene Burnet as payment to cover her NSF check. On June 15, the check for \$5,000 plus an \$80 handling fee was charged back to Ms. Burnet's account. At the invoice prompt enter **BADCK**.

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#### June 23

Returned to Andregg Supply, store supplies purchased on account for a total of \$38.90 on June 22 (invoice number **A5049**).

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#### June 23

Sold used shop equipment (metal lathe) for \$320. The equipment was purchased at a total cost of \$2,200 early in 2004. Using **units of production depreciation**, the accumulated depreciation account balance at the end of the first quarter (March 31) totals \$1,830. Depreciation is recorded at the rate of \$1.00 for each hour of operation. Through June 23 of this quarter, an additional 260 hours of operation have accumulated on the hour meter. **Two entries are required to properly record this sale.** At each invoice prompt enter **ASALE** for asset sale.

Now that you have completed entering the transactions for the June 17-23, it is time to check the accuracy of your work. In the "Check It Out" box below are the correct balances of key accounts that you have been working with this period.

- A. 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.
- B. Check the balances against the totals shown in the "Check It Out" box below.

"CHECK IT OUT"		
101	Cash	\$49,854.31
105	Accounts Receivable	53,829.37
127	Store and Shop Supplies	3,699.42
131	Store Equipment and Fixtures	71,967.40
135	Shop Equipment	35,310.00
139	Trucks	55,005.00
140	Accumulated Depreciation, Trucks	4,070.00
201	Accounts Payable	6,657.62
205	Sales Tax Payable	8,751.03
221	Unearned Storage Fees	14,940.00
401	Watercraft and Accessory Sales	282,361.05
411	Service Fees Earned	8,852.75
501	Cost of Goods Sold	204,567.20
505	Transportation-In	604.00
606	Delivery Expense	666.10
607	Credit Card Expense	1,355.72
608	Tools Expense	40.00
611	Depreciation Expense, Shop Equipment	260.00
628	License Expense	926.00
721	Gain on Sale of Assets	210.00
813	Interest Expense	1,032.00
821	Loss on Sale of Assets	195.00
	<b>TRIAL BALANCE TOTAL</b>	<b>\$716,984.04</b>

- C. If all of your totals match the check figures, click on Journals/Ledgers/Statements, select Subsidiary ledgers, then select Inventory. The correct amount of the perpetual inventory at the end of the June 23 work day should be \$167,775.42. This total should match the balance of the Merchandise Inventory account on the June 23 Trial Balance.

**D. IF YOUR BALANCES DO NOT MATCH THE CHECK FIGURES**

If any of your account balances **DO NOT** match the check figures, you have one or more errors that **MUST BE CORRECTED** before you continue! **THE MOST EFFICIENT METHOD OF LOCATING AND CORRECTING THE ERROR/S** is to print a copy of the General Journal. Using the General Journal and your Trial Balance, examine the journal entries made to the accounts that do not match the check figures. Make all necessary corrections.

**When all of the corrections have been made** and you match the check figures for the June 23 trial balance and the ending inventory, back up your data files for module three and when ready, proceed to Module 4.

***NOTE: All of the June 23 documents should be corrected, and printed (if required), before continuing the journalizing process for Module Four.***