

Zacks Bike Hut

Level II

1st Web-Based Edition

Transactions For June 24-30

and the

Bank Reconciliation

Page 1

Zacks Bike Hut, Level II – Module 4

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TRANSACTIONS FOR JUNE 24-30

Student Analysis

June 24

Zacks Bike Hut has a policy of maintaining a \$25,000.00 cash balance. Preparing for the vendor account balances, dividends payable, and a long-term note of \$12,000.00 that are coming due on the first of the subsequent quarter, Zacks Bike Hut borrowed **\$15,000.00** cash on the business credit line by issuing a 9%, 90-day, short-term note payable to a private lender. At the invoice prompt enter **NTPAY** for note payable.

June 26

Sold accessory items on account to customer Sugar Folley (invoice **Z1611**). All accessory items carry a markup of 50% on cost (33.1/3% on selling price). Calculate the total selling price and be sure to include the **7%** 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>
A0300	CASCADE PEAK	1	\$900.00
B1180	LEATHER SEAT	1	\$41.50
C2355	HELMET DELUXE	1	\$65.00

June 28

A customer paid **\$99.51** (sales tax included) for 1.5 hours of straightening and adjustment work on her bicycle, at \$62.00 per hour. The customer paid in full with a **Bank Credit Card**. The sales invoice for this transaction is **Z1612**.

June 29

Issued check number **02623** to Jurassic Bikes for the purchase invoice **J9888** of June 19, less the purchase return of June 21.

TRANSACTIONS FOR JUNE 24-30

Student Analysis

June 29

Shipped merchandise under FOB destination shipping terms to customer Sugar Folley. Charged the **\$173.00** freight costs to our account with Noreen's Freight Lines (**N5380**).

June 29

Issued check **02624** for **\$6,500.00** to the California State Bank. This check is for the dividends declared by the corporation board of directors on June 9. California Bank will issue the cash dividends to the June 20 stockholders of record. At the invoice prompt enter **DIVPD** for dividends paid.

June 30

Issued check number **02625** to Louis Manich, part-time repairman and salesman for the business. Louis is paid \$15.25 per hour and worked 31.00 hours during the past two-week period ending June 28. At the invoice prompt enter **PAYRL**.

June 30

Issued check **02626** for **\$48.00** to replenish the \$50.00 Petty Cash Fund. A total of **\$2.00** in change is all that remains in the petty cash box at this time. Be sure to account for the cash 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 made from the fund:

Store & Shop Supplies	\$32.50
Tools Expense	14.50

TRANSACTIONS FOR JUNE 24-30

Student Analysis

June 30

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

Check **02627** for \$412.54 to the Dobbins Electric and Gas Company for the June utility bill received today (invoice number **52233**).

Check **02628** for \$575.00 to Higby Accountancy, Inc., for accounting services received (invoice **HA301**).

Check **02629** for \$1,425.00 to the Reed Insurance Company for increased liability insurance coverage (invoice number **88899**).

Check **02630** to Jacob's Truck Service for delivery van service and repairs totaling \$258.80 (invoice **56788**).

This concludes the daily transactions for the period of June 24-30.

When all of the transactions for the week of June 24-30 have been entered, print a copy of the June 30 Trial Balance. Carefully compare your totals to those in the “**Check It Out**” block on the next page. If any of the figures do not match the “**Check It Out**” block, use the **Error Correction Procedures** detailed at the end of Module 1.

Print the Inventory Analysis. The value of the perpetual inventory at the close of business on June 30 should total **\$35,420.50**. This perpetual total should also match the balance of the Merchandise Inventory account as shown on the June 30 Trial Balance.

When all of your totals match the check figures on page 5, you are ready to proceed to the June 30 bank reconciliation.

Should you wish to exit the program before completing the bank reconciliation, remember to **Back Up Your Data Files**.

“CHECK IT OUT”

101	Cash	\$28,993.46
105	Accounts Receivable	8,154.43
107	Accounts Rec., Credit Card Company	2,985.30
109	Notes Receivable	3,200.00
121	Prepaid Insurance	5,275.00
127	Store and Shop Supplies	1,423.25
135	Shop Equipment	20,750.00
201	Accounts Payable	2,880.50
203	Notes Payable	15,000.00
205	Sales Taxes Payable	142.64
221	Unearned Lesson Fees	6,225.00
401	Sales	151,777.25
402	Sales Returns and Allowances	4,260.00
411	Services Fees Earned	11,681.50
501	Cost of Goods Sold	87,773.50
505	Transportation-In	1,497.00
601	Salaries and Wages Expense	14,796.75
603	Van Operating Expense	931.80
604	Advertising Expense	1,093.00
606	Delivery Expense	427.75
607	Credit Card Expense	139.82
629	Professional Services Expense	955.00
631	Cash Short & Over	19.00
	TRIAL BALANCE TOTAL	\$360,557.12

BANK RECONCILIATION

Before entering the adjusting entries, complete the bank reconciliation (page 7) 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 \$30,877.51 as the bank statement balance. Additional information needed to complete the reconciliation is:

1. The last cash sale on June 28 was not deposited in the bank. All other deposits required were made in a timely manner in June and were properly reported on the bank statement.
2. Accrued interest earned on the checking account totals \$114.12.
3. The debit memo from the bank for miscellaneous account services (charged to Bank Service Charges) totals \$34.50.
4. During the month of June, customers purchased \$10,138.79 worth of merchandise and services using their **bank credit cards**. A debit memo with the bank statement charges Zacks Bike Hut 3.5% of the total of these sales receipts as a credit card fee (Credit Card Expense). For all calculations remember to round your answer to the nearest cent.
5. Checks **02628**, **02629**, and **02630** were not returned with the bank statement.
6. The bank statement shows a balance of \$30,877.51 in Zacks Bike Hut checking account.

Using the **Journalize Daily Entries (Daily JE)** 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 **BKR06**. When an invoice number is requested for the interest earned, or bank service charge, also enter **BKR06** (Bank Reconciliation for June).

Use this space to write down the journal entries you must record for the bank reconciliation.

Print a copy of the after bank reconciliation Trial Balance! THIS IS THE TRIAL BALANCE THAT WILL BE USED WHEN RECORDING THE ADJUSTING ENTRIES FOR THE BUSINESS! The new June 30 Trial Balance total is \$360,671.24. The new balance of the **Cash** account is \$28,718.22, **Credit Card Expense** totals \$494.68, **Miscellaneous Expense** remains unchanged at \$44.90, and **Interest Earned** totals \$308.37. If your balances match these figures, you have correctly completed all of your work for the quarter.

**BANK RECONCILIATION
ZACKS BIKE HUT**

NAME _____
SECTION _____ DATE _____

**BANK RECONCILIATION
ZACKS BIKE HUT
June 30**

Book Balance: \$ _____

Add: _____

Total \$ _____

Deduct: _____ \$ _____

_____ \$ _____

Reconciled Book Balance: \$ _____
=====

Bank Balance: \$ _____

Add: Deposit in Transit: \$ _____

Total \$ _____

Deduct: Outstanding Checks:

Check No. _____ \$ _____

Check No. _____ \$ _____

Check No. _____ \$ _____

Reconciled Bank Balance: \$ _____
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