

**Surf City**  
**Access and Quickbooks**  
**System Analysis and Design**  
**Spring 2002**

**Background**

In the Spring of 2001, Brian Skinner decided to open up a surfwear and rentals store on the North Shore of Hawaii in the Turtle Bay Hotel. He began by contributing \$10,000 in cash to the business. He called his store Surf City. Over the past year and one-half, Brian has had reasonably good success in the business, but he has been unable to really run it the way he wants to. The problem has been that Brian has been trying to run Surf City's accounting system using a manual bookkeeping system that includes a general journal, various ledger books, standard forms and invoices and a filing cabinet. In this system, Brian has struggled to keep track of inventory, balance his accounts, and pay off his accounts payable. Thankfully since, customers pay in cash or credit he really does not have any problems with receivables. But at any given time, if Brian really wanted to know how his business was doing he could only give his gut feeling but would not have any hard numbers to look at to assist him in making good business decisions. Brian worries that he really doesn't understand his business' financial situation. The fact is, he has been so involved in helping to keep his company's books he has not had the time to really think about, plan for and improve his business' future prospects. In short, Brian simply wants a better approach to managing his company's finances to enable him to make better business decisions.

Surf City is not an overly complicated business but it has caused Brian enough headaches and long nights that he is now ready to consider alternatives to his current accounting information system. He has heard of off-the-shelf transaction processing software such as QuickBooks and, from what he has heard, he believes that QuickBooks (or a similar package) could probably meet his basic needs; however, he has also heard a lot about databases and would be interested in seeing what a database system could do for his business and how it might provide him more flexibility in the data it could capture and the report it could create. His true dream is to expand throughout the Hawaiian Islands and maybe some day move into some other Pacific islands such as Guam, Tahiti, Micronesia, Tonga, Samoa and Fiji so he really wants a system that will enable him to grow his business.

## The Company

### **Company Details**

Surf City

55-550 Naniloa Loop

Laie, HI 96762

Phone: (808) 555-9484

Fax: (808) 555-9485

E-mail: [surfcity@hotmail.com](mailto:surfcity@hotmail.com)

Federal Employer Identification Number: 62-9015398

### **Surf City Ship to Address:**

55-548 Moana St.

Laie, HI 96762

The following is a short discussion of the types of business transactions Surf City is involved in, it also provides other key information required to complete this case study:

### **Sales and Cash Receipts**

Surf City has two major revenue sources:

- 1) Product sales: Surf City sells merchandise directly to customers from its retail location at the hotel. The two key salespersons are Davin Skinner and Julie Jorgensen. All sales are either paid for with cash or by credit card. Since Surf City is very customer-oriented (many customers are repeat customers who love visiting Hawaii's North Shore) Surf City asks all of its customers to fill out a "Surf City Ohana" membership card. The Surf City Ohana card enables Surf City to send its "Ohana" (i.e. a Hawaiian word representing the circle of people who care for and nurture each other) a monthly newsletter that includes special offers as well as details of North Shore surfing events, such as the Triple Crown of Surfing. When new members sign up, Surf City obtains their name, address, and phone number. In addition to such standard customer information, Surf City also obtains the customer's credit card information such as the type of credit card, the credit card number, the name of the cardholder, and the credit card's expiration date.
- 2) Rentals: Surf City also rents out surfboards and skateboards to customers. The daily rental rate for these items range from \$20 per day for 9-foot surfboards down to \$10 per day for skateboards. For deposit/insurance purposes, all customers renting equipment must provide a valid credit card.

The credit card companies reimburse Surf City for all valid credit card charges directly into Surf City's bank account with American Savings.

### **Sample Customer Information:**

#000001

Roger Allred

6 Nairn Court

Bakersfield, CA 93309

(714) 555-1212

#000002

Kenny Anderson

55-345 Iosepa St.

Punalou, HI 96765

(808) 555-4455

Credit Card Type : Mastercard  
Credit Card #: 1535-3545-1983-0234  
Name on Credit Card: Roger Allred  
Expiration Date: 1/1/2003

Credit Card Type : VISA  
Credit Card #: 5501-7806-7412-6957  
Name on Credit Card: Kenny A. Anderson  
Expiration Date: 8/03

#000003  
Kim Laing  
45 Lake Dr  
Portland, OR 56665  
(550) 555-1223  
Credit Card Type : VISA  
Credit Card #: 9876-6789-9876-6789  
Name on Credit Card: Kim Laing  
Expiration Date: 12/31/2002

**Purchasing:**

Surf City purchases its product inventory from 20 different vendors but this number is expected to increase significantly in the future as new trends arise in the industry. Currently all of Surf City's suppliers are businesses with US addresses. The addresses usually have 5 digit zip codes but sometimes include a – 4 digit extension code, Brian expects this to remain the same for years to come.

Naturally, Brian wants to make sure that his new system can handle additions to his vendor listing as well as accept changes to their contact information.

George W. Tenney, Surf City's purchasing agent (George W. Tenney), prepares all purchase orders on multi-part purchase order forms. The quantities to order are based on recommendations arrived at by Brian, Davin, and Laura Skinner (controller) in their weekly sales and inventory meeting. In addition, after George has created the required purchase orders, they must be reviewed and approved by Brian as designated by his signature.

Once Brian has approved a purchase order a copy is sent to the supplier (in the future Brian would like to have all purchase orders transmitted electronically but he is not yet ready for this approach). All purchase orders currently include Surf City's ship-to address, contact person and phone number, Vendor Address and contact person, as well as the details of the inventory ordered such as Surf City's inventory ID #, description, size (for clothing Men's or Women's Xsmall, small, medium, large, Xlarge, XXlarge and XXXlarge, 4, 5, 6, 7, etc), color (red, yellow, blue, green, white, black, etc) Vendor Inventory ID # (so the vendors will be able to find the ordered items on their own inventory system), order quantity, unit price, and extension (i.e. quantity X unit price). At the bottom of the purchase order the sum total of the extended amounts should be noted.

**Sample Vendor Information:**

#1001  
Beach Ray

#1002  
Billabong

123 California Ave.  
Long Beach, CA 94567  
Phone: (525) 555-2314  
Fax:  
Vendor Contact: Bob Peterson

#1003  
Club Cabana  
6454 Ming Ave  
Bakersfield, CA 93303  
Phone: (765) 555-5455  
Fax:  
Vendor Contact: Roger Almond

#1008  
Gotcha International, LP  
9600 Toledo Ave  
Irvine, CA 92618  
Phone: (949) 555-2600  
Fax: (949) 555-2671  
Vendor Contact: Joe Johnson

#1029  
Gravity Skateboards  
55-221 Kulanui St.  
Laie, HI 96762  
Phone: (808) 555-3223  
Fax: (808) 555-3224  
Vendor Contact: Hair Jordan

117 Waterworks Way  
Irvine, CA 92618  
Phone: (949) 555-7222  
Fax: (949) 555-7223  
Vendor Contact: Billy Bong

#1004  
Cobian  
2345 San Michelle Dr  
San Jose, CA 97654  
Phone: (817) 555-5124  
Fax:  
Vendor Contact: Mary Tornburg

#1028  
Bear  
55-220 Kulanui St.  
Laie, HI 96762  
Phone: (808) 555-3211  
Fax: (808) 555-3222  
Vendor Contact: Bear Bryandt

**Receiving:**

Surf City has one receiving clerk, Lynda Richardson. Lynda is required to receive all inventory shipments, count the quantities received, note them on the receiving report and then transfer the inventory into the retail area. Oftentimes, Surf City receives only partial shipment of quantities on large purchase orders. In order to properly track inventory receipts, Surf City wants to create a sequentially numbered receiving report for each type of inventory item received on a purchase order. For example, if in a given shipment three different inventory items, such as shoes, shorts and slippers were received in quantities of 35, 8 and 15, then three different, sequentially numbered inventory receipts would need to be created, noting the following data: inventory receipt #, inventory ID#, date received, purchase order number, inventory description, size (for most men's clothing items, Xsmall, small, medium, large, Xlarge, XXlarge and XXXlarge, for women's sizes 2 through 10), color (red, yellow, blue, green, white, black, etc) Vendor Item #, quantity received, shipping cost (note: Brian would like to properly allocate the shipping cost to the respective inventory items, therefore each inventory receipt # should include a field in which the inventory item's allocated portion of shipping costs could be recorded).

**Sample Inventory Items (Note: See Product Inventory List in Appendix III for a complete list of inventory items; however, only the following inventory items will need to be entered into QuickBooks or Access as a required component of this case study):**

Item ID#: 1101  
Description: Beach Ray Women's Size 4  
White Dress

Item ID#: 1102  
Description: Oneill Women's Size 5 Yellow  
Dress

Item ID#: 1301  
Description: MCD Men's Small Blue  
Boardshorts

Item ID#: 1501  
Description: Billabong Women's Size 8 Blue  
Flipflops

Item ID#: 1502  
Description: Club Cabana Women's Size 7  
Yellow Shoes

Item ID#: 1503  
Description: Cobian Women's 7 White Shoes

Item ID#: 1506  
Description: Toughsport Women's Size 6  
Green Shoes

Item ID#: 1701  
Description: Billabong Women's Size 6  
Yellow Button Down Shirt

Item ID#: 3103  
Description: Beach Ray Men's Xlarge Blue  
Swimsuit

Item ID#: 3105  
Description: Gotcha Men's Large Black  
Boardshorts

**Note: unit cost will be based on actual purchase figures as provided in the case. (See the Inventory listing of opening balances as of 12/31/01 as provided later on in the case)**

Surf City would like to keep track of its inventory using a perpetual inventory system. At any point in time, Surf City management would like to push a button and be able to see how many units of product are on hand. Management will use this report in making purchase order

decisions. Surf City does not yet deem it necessary to determine economic order quantities, but in general it tends to keep at least 5 of each inventory item on hand at any given point in time. The new system should be able to assist Surf City in improving its inventory management.

**Sample Rental Item (See the detailed asset ledger of Rental Equipment as of 12/31/01 as provided later on in the case):**

**Other purchases**

Surf City naturally has other creditors consisting of its landlord (Bradshaw Properties to whom it pays rent for its retail location in the Turtle Bay Hotel), Hawaiian Electric (electricity), Verizon (phone) as well as several other local business that supply assorted services.

**Sample Other Vendor/Creditor:**

#1030

Bradshaw Properties

55-760 Kamehameha Hwy

Laie, HI 96763

Phone: (808) 555-1212

Fax: (808) 555-1213

Vendor Contact: Mark Bradshaw

**Payments**

All vendor and creditor payments are paid out of one bank checking account at American Savings Bank. Surf City usually pays off all vendors within 10 days and rarely takes over 30 days to pay, but late payments are one of those challenges that Brian wants to overcome through the implementation of a new accounting system.

**Sample Bank Account Information:**

American Savings Bank

Checking Account

55-425 Kamehameha Highway

Laie, HI 96762

Phone: (808) 555-0001

Fax: (808) 555-0002

Bank Contact: Zee Kama'OnoOno

Account number: 4322-342-3333

## **Payroll**

Surf City's payroll is rather straightforward in that all of its employees are either paid a salary or an hourly rate. Salaried employees are not paid for any overtime worked, but Brian frequently expresses his appreciation for all of their hard work. Hourly employees earn a standard hourly rate ranging from \$6 to \$20 per hour for as much as 40 hours per week. For all hours worked in excess of 40 hours, they are paid double their normal hourly rate. Overtime pay is a rarity because Brian doesn't like paying it, so if extra work needs to be done, the salaried employees usually have to do it. Hourly and salary employees are paid every two weeks.

### **Sample Salaried Employee:**

Employee #: 001  
Brian A. Skinner  
55-550 Naniloa Loop #6231  
Laie, HI 96762  
Phone: (808) 555-9485  
Social Security Number: 629-03-7654  
E-mail: [bs009@byuh.edu](mailto:bs009@byuh.edu)  
Position: President  
Gender: Male  
Marital Status: Married  
Birth Date: 2/8/1971  
Hire Date: 6/1/2001  
Exemptions: 2  
Hourly Pay Rate or Salary: Salary \$52,000  
(i.e. \$2,000 every two weeks)

Employee #: 002  
Alan J. Swanson  
32 Kulanui St.  
Kahuku, HI 96753  
Phone: (808) 555-2332  
Social Security Number: 629-03-6394  
E-mail:  
Position: Assistant Controller  
Gender: Male  
Marital Status: Married  
Birth Date: 1/1/1965  
Hire Date: 7/3/2001  
Exemptions: 2  
Hourly Pay Rate or Salary: Salary \$39,000  
(i.e. \$1,500 every two weeks)

Employee #: 003  
Davin B. Skinner  
55-550 Naniloa Loop #6231  
Laie, HI 96762  
Phone: (808) 555-9485  
Social Security Number: 678-09-7654  
E-mail:  
Position: Sales Representative  
Gender: Male  
Marital Status: Single  
Birth Date: 12/15/1980  
Hire Date: 12/17/2001  
Exemptions: 1  
Hourly Pay Rate or Salary: \$6 per hour

Employee #: 004  
George W. Tenney  
123 Stonewall Ct.  
Southlago, HI 78904  
Phone: (876) 555-4567  
Social Security Number: 234-56-7890  
E-mail:  
Position: Purchasing Agent  
Gender: Male  
Marital Status: Married  
Birth Date: 2/7/1960  
Hire Date: 8/14/2001  
Exemptions: 2  
Hourly Pay Rate or Salary: \$39,000 (i.e.  
\$1,500 every two weeks)

Employee #: 005  
Julie Jorgenson  
5678 Waimea Blvd  
Punalu'u, HI 96754  
Phone: (808) 555-0976  
Social Security Number: 322-55-4532  
Position: Sales Representative  
Gender: Female  
Marital Status: Single  
Birth Date: 8/2/1979  
Hire Date: 1/4/2002  
Exemptions: 1  
Hourly Pay Rate or Salary: \$6.25 per hour

Employee #: 006  
Laura K. Skinner  
55-550 Naniloa Loop #6231  
Laie, HI, 96762  
Phone: (808) 555-9485  
Social Security Number: 123-45-6789  
Position: Controller  
Gender: Female  
Marital Status: Married  
Birth Date: 7/27/1975  
Hire Date: 7/8/2001  
Exemptions: 0  
Hourly Pay Rate or Salary: \$45,500 (i.e.  
\$1,750 every two weeks)

Employee #: 007  
Lynda T. Richardson  
3452 Stonewall Ct  
Southlaga, HI 96762-  
Phone: (808) 555-1232  
Social Security Number: 098-76-5432  
Position: Receiving Clerk  
Gender: Female  
Marital Status: Single  
Birth Date: 8/28/1982  
Hire Date: 1/28/2002  
Exemptions: 0  
Hourly Pay Rate or Salary: \$6 per hour

Employee #: 008  
Mark Robertson  
55-567 Moana St.  
Laie, HI 96762  
Phone: (808) 555-6789  
Social Security Number: 789-04-1234  
Position: Purchasing Agent  
Gender: Male  
Marital Status: Married  
Birth Date: 4/24/1964  
Hire Date: 7/7/2001  
Exemptions: 2  
Hourly Pay Rate or Salary: \$7 per hour

In order to simplify the calculations of net pay, you can assume that the FICA rate will be 7% for all employees, that Federal Withholding will be 20% for married individuals and 30% on singles less allowable exemptions at \$200 per exemption. The exact calculations for calculating the correct net pay for employees that would address the progressive, regressive and proportionate nature of various employment and income related taxes are beyond the scope of this case study.

**Surf City Beginning Balances, Company Information and Sample Transactions**

The following information provides opening balances for Surf City as of December 31, 2001. These balances should be set up in QuickBooks and Access as your starting point.

**Surf City Balance Sheet**

**Surf City  
Statement of Financial Position  
December 31, 2001**

<b>Assets</b>		<b>Liabilities</b>	
<b>Current Assets:</b>		<b>Current Liabilities:</b>	
Cash	\$24,600	Accounts Payable	\$ 600
Inventory	<u>1,095</u>		
Total current assets	\$25,695		
<b>Long-term Assets:</b>		<b>Owner's Equity:</b>	
Rental equipment	\$6,000	Skinner, Capital	<u>\$30,470</u>
Less: Accumulated depreciation	<u>(625)</u>		
Net book value	<u>\$ 5,375</u>		
<b>Total Assets</b>	<b><u>\$31,070</u></b>	<b>Total Liabilities and Owner's Equity</b>	<b><u>\$31,070</u></b>

**Supporting Details for the December 31, 2001 opening balance sheet are as follows:**

Cash

The cash of \$24,600 is held in the company's checking account at American Savings Bank

Inventory

In order to reduce the input time for this case study, Surf City's December 31, 2001 opening inventory balance will include only 5 different inventory items. (Naturally, a thriving surfwear business would have a broader selection of inventory items, sizes and quantities. Many company's opening detailed inventory listings include hundreds, and even thousands of different items). The opening detailed inventory listing is as follows:

Inventory ID#	Vendor	Description	Gender	Size	Color	Required on hand quantity	Current On Hand Qty	Unit Cost	Total Cost
1102	Oneill	Dress	Women	5	Yellow	5	20	\$30.00	\$600
1301	MCD	Boardshorts	Women	Small	Blue	5	10	\$30.00	\$300
1506	Toughsport	Shoes	Women	6	Green	5	5	\$15.00	\$75
3103	Beach Ray	Swimsuit	Men	Xlarge	Blue	5	8	\$15.00	\$120
								<b>Total</b>	<b>\$1,095</b>

### Rental Equipment

On June 30, 2001, Brian purchased 10 Bear longboards for \$500 each and 5 Gravity skateboards for \$200 each. When he purchased them, he expected the surfboards and skateboards to have useful lives of 3 years. At the end of three years, he expected the surfboards to have a residual value of \$200 and the skateboards to have a residual value of \$50.

Brian's Rental Equipment ledger as of December 31, 2001 consists of the following items:

Rental ID#	Vendor	Description	Size	Color	Rental Rate	Acquisition Cost	Accumulated Depreciation	Net Book Value
5401	Bear	Longboard	9 foot	Blue	\$20	\$500.00	\$50	\$450
5402	Bear	Longboard	9 foot	White	\$20	\$500.00	\$50	\$450
5403	Bear	Longboard	9 foot	Green	\$20	\$500.00	\$50	\$450
5404	Bear	Longboard	9 foot	Red	\$20	\$500.00	\$50	\$450
5405	Bear	Longboard	9 foot	Pink	\$20	\$500.00	\$50	\$450
5406	Bear	Longboard	9 foot	Navy	\$20	\$500.00	\$50	\$450
5407	Bear	Longboard	9 foot	Aqua	\$20	\$500.00	\$50	\$450
5408	Bear	Longboard	9 foot	Yellow	\$20	\$500.00	\$50	\$450
5409	Bear	Longboard	9 foot	Orange	\$20	\$500.00	\$50	\$450
5410	Bear	Longboard	9 foot	Purple	\$20	\$500.00	\$50	\$450
5501	Gravity	Skateboard	3 foot	Black	\$10	\$200.00	\$25	\$175
5502	Gravity	Skateboard	3 foot	Black	\$10	\$200.00	\$25	\$175
5503	Gravity	Skateboard	3 foot	Black	\$10	\$200.00	\$25	\$175
5504	Gravity	Skateboard	3 foot	Black	\$10	\$200.00	\$25	\$175
5505	Gravity	Skateboard	3 foot	Black	\$10	\$200.00	\$25	\$175
					<b>Total</b>	<b>\$6,000</b>	<b>\$625</b>	<b>\$5,375</b>

### Accounts Payable

As of December 31, 2001, Brian only had one outstanding vendor payable of \$600 owing to Beach Ray Inc. related to purchase order number 2600 and inventory receipt number 00100 which was the last receipt of inventory in December 2001. Receipt number 00100 indicated that 20 size 5, yellow Beach Ray women's dresses (item id# 1102) were received at a total cost, including shipping, of \$600 (or \$30 each).

### Skinner, Capital

The Skinner, Capital account as of December 31, 2001 of \$30,470 represents the net of Brian's original contribution of \$10,000 plus his 2001 net income of \$100,000 less distributions to Brian of \$79,530.

## **ACCESS CASE STUDY REQUIREMENTS (130 points)**

### **Required:**

- 1) Create a graphical depiction of the relationship between Surf City's revenue and cash receipts cycle, its purchases and payments cycle, its payroll cycle, and its inventory cycle

- (See figure 3.5 on page 126 of the Building Accounting Systems Using Access 2000 text as an example. Note: all subsequent page references will be to this same text). **5 points**
- 2) Note the names of all “entities” (i.e. invoices, purchase orders, receiving documents, etc.) that will need to exist in Surf City’s accounting system to properly model Surf City’s basic business processes described above. (see pages 157-159). **5 points**
  - 3) Create the Entity Relationship diagrams (E-R diagrams) that will properly represent and connect the noted entities. Add any relationship entities (i.e. these will become relationship tables in your final database) that will be needed in order to break out the “many-to-many” relationships into appropriate “one-to-many” relationships (see page 158). **5 points**
  - 4) Once all E-R diagrams are complete, combine all of the E-R diagrams into a single E-R diagram (note: this is called view integration as noted on page 159). **5 points**
  - 5) Based on the complete E-R diagram from 4 above you will soon create a table in Access for each of your entities but before opening Access and creating the necessary tables, you should determine an appropriate primary key (or composite primary key) for each table and specify all of the key attributes needed in each table. Create a “schema” for each table (see Figure 3.9 on page 154) and use lines to note the relationships between primary and foreign keys in all the related tables (See Figure 3.22 on page 154). **5 points**
  - 6) Ensure all of your individual tables are normalized in at least third normal form (See pages 143-150). **5 points**
  - 7) Create a Surf City Access file, within this file create all the necessary tables and the appropriate attributes noted in 5) to allow the sample case data, as noted in the Case Study and corresponding Appendices, to be entered. **10 points**
  - 8) In Access, open the relationship window and permanently designate the relationships between all the tables, to match your schema in 5) above. Use the “enforce referential integrity” function appropriately. Ensure that appropriate one-to-many relationships are noted and that they agree with your E-R diagram. **5 points**
  - 9) Using Access, create the following forms AND use these forms to input all of the sample test data as provided in Appendix I. Assignments turned that do not include the sample test data will not receive full credit :
    - a. New Employee Entry Form (example: see page 399) **2 points**
    - b. Purchase Order Form (example: see page 358) **5 points**
    - c. Purchase Order Approval Form (this form should allow the owner, Brian Skinner, to approve a purchase order and should look identical to b. above except that it will allow Brian to input his authorization) **3 points**
    - d. Inventory Receipt Form (example: see page 371) **2 points**
    - e. Sales Invoice Form (example: see page 318) **5 points**
    - f. Cash Payment Form (example: see pages 374-378) **5 points**
    - g. Employee Time Worked Form (example: see page 411) **5 points**

10) Create the following reports:

- a. Employee listing (example: see page 405). **3 points**
- b. Purchase Order Report (example: see page 367. These purchase orders should note in a very distinct spot on the Purchase Order that the Purchase Order has been approved by Brian Skinner, the owner). **5 points**
- c. Inventory Receipt Report (example: see page 375). **5 points**
- d. Sales Invoice Report (example: see page 320. This report should be of sufficient detail that it could be given directly to the customer as his/her receipt. At a minimum, it should note what inventory ID items were sold, their description, the number of units sold, the unit sales price, and the extended sales price per item. It should also include the name of the customer, the salesperson as well as Surf City's name and address and contact information. At the bottom of the report the invoice should be totaled, a 4% excise tax (Hawaii has an excise tax rather than a sales tax, but most retail operations pass the excise tax on to their customers) should be calculated and the final total sales price, including the excise tax should be noted at the bottom of the invoice.) **5 points**
- e. Check report (example: see page 382). **5 points**
- f. Employee payroll register report (example: see page 426). This report should provide all the necessary details to calculate an employee's pay for a one month period, it should appropriately calculate FICA taxes and Federal Withholding using the simplified employee information provided. It should also calculate the employee's net pay). **5 points**
- g. Describe in detail the key attributes from the various tables that Brian would need to use in order to create his financial statements. Explain in paragraph form how you could calculate each balance sheet and income statement account balance as based on the tables and relationships that currently exist in your database. If a required table, relationship or attribute does not currently exist in the database that you would need in order to calculate a financial statement amount, describe what is missing and how it would be used to calculate such amounts. **30 points**

## **QUICKBOOKS CASE STUDY REQUIREMENTS (100 points)**

- 1) Create a new QuickBooks file for Surf City by working through the Easy Step interview process. While working through this process you will be asked to enter various information including all opening balances, and supporting details as of **December 31, 2001** as provided in the case background. Once you have entered all opening balances, your balance sheet as of December 31, 2001 should be identical in amounts and accounting elements as that provided in the case. **30 points**
- 2) Enter all standard data related to employees, customers, vendors, inventory, rental assets, etc. as provided in the case study background. **20 points**
- 3) Set-up service items for both surfboard and skateboard rentals that when applied will properly calculate total rental revenue for each rental. **10 points**
- 4) Enter the transactions as provided in the case study for the month of January. **20 points**
- 5) Record the payroll entries to properly calculate and pay the two noted employees (note: since we did not sign up for QuickBooks' internet payroll service, you will need to manually calculate the net paychecks based on the case study's payroll background information and then record them in journal entry form). **10 points**
- 6) After entering all of the noted transactions, print out the January 31, 2002 balance sheet, income statement and statement of cash flows. **10 points**

**SAMPLE TRANSACTIONS:**

**In order to test out whether your Access Database tables, relationships, queries, forms and reports are properly functioning, as well as to test your ability to properly use QuickBooks, you should enter the following January 2002 sample transactions.**

Purchase Orders

On January 2, 2002 George W. Tenney created the following 5 purchase orders:

**PO #2601**

Purchase 15 Large Gotcha Men's Black Board Shorts (Surf City Item ID# 3105; Vendor Item ID# GO4560) at \$16 each. The expected shipping date is 1/05/02.

**PO #2602**

Purchase 15 size 8 Billabong women's blue flipflops (Surf City Item ID# 1501; Vendor Item ID# BL025) at \$10 per pair.

Purchase 5 size 7 Billabong women's button down shirts (Surf City Item ID # 1701; Vendor Item ID# BL108) at \$15 each.

The expected shipping date is 1/04/02.

**PO #2603**

Purchase 8 size 4 Beach Ray white women's dresses (Surf City Item ID#1101; Vendor Item ID# BRAY212) at \$18 each.

The expected shipping date is 1/06/02.

**PO #2604**

Purchase 15 size 7 Club Cabana yellow women's shoes (Surf City Item ID#1502; Vendor Item ID# CC25) at \$14 a pair.

The expected shipping date is 1/06/02.

**PO #2605**

Purchase 15 size 7 Cobian women's yellow flipflops (Surf City Item ID# 1503; Vendor Item ID# COB2198) at \$13 each.

The expected shipping date is 1/07/02.

Purchase Order Approvals

All purchase orders numbered 2601-2605 were approved by Brian Skinner on January 3, 2002.

## APPENDIX I (continued)

### Inventory Receipts

All of the following items were received by Lynda Richardson, Surf City Receiving Clerk during January 2002.

#### **January 7, 2002 Receipt Number (RN#) 001001; 001002**

PO #2602 was received in full. Shipping for the flipflops was \$10 and shipping for the shirts was \$10.

#### **January 8, 2002 RN# 001003**

PO #2601 received only 14 board shorts. Shipping cost \$10.

#### **January 9, 2002 RN# 001004; 001005; 001006**

The following purchase orders were received in full: PO #2603 (Shipping cost \$5), 2604 (Shipping cost \$10), 2605 (Shipping cost \$10).

### Payments

January 20, fully paid the vendors for all inventory receipts numbered 001001 to 001006. All payments included the noted shipping costs.

### Rentals

All of the following rental sales (R) were recorded by Davin Skinner during the month of January 2002.

#### **January 3, 2002 R00001**

Customer Kenny Anderson rented a Gravity Skateboard (Rental ID #5501) for 5 days. He paid using his credit card. His payment included appropriate excise taxes. He returned the board on January 8, 2002.

#### **January 8, 2002 R00002**

Customer Kenny Anderson rented a Bear Longboard (Rental ID #5404) for 2 days. He paid using a credit card. His payment included a 4% excise taxes. He returned the board on January 10, 2002.

#### **January 15, 2002 R00003**

Customer Roger Allred rented a Bear Longboard (Rental ID #5401) for 6 days until January 21, 2002 when he returned the board and paid cash for the rental including a 4% excise tax.

## APPENDIX I (continued)

### Product Sales

The following product sales were made during January 2002 by the noted salespersons.

#### **January 21, 2002 Sales Invoice (SI#) 100001**

Kenny Anderson purchased 1 pair of boardshorts (Item ID #3105). The sales price was \$33 plus 4% excise tax that he paid for using his credit card. The salesperson was Julie Jorgenson.

#### **January 23, 2002 Sales Invoice (SI#) 100001**

Roger Allred purchased 1 pair of flipflops (Item ID #1501). He paid cash of \$19.50 plus 4% excise tax. The salesperson was Julie Jorgenson.

#### **January 28, 2002 Sales Invoice (SI#) 100001**

Kim Laing of 45 Lake Dr. Portland OR 56665 paid cash of \$35.00 to purchase a women's dress (Item ID #1101) plus 4% excise tax. The salesperson was Davin Skinner.

### Payroll:

**January 14, 2002** paid Davin Skinner for 80 hours of regular time worked plus 3 hours of overtime worked.

**January 28, 2002** paid Davin Skinner for 80 hours of regular time worked plus 6 hours of overtime worked.

**January 14, 2002** paid George W. Tenney his bi-weekly salary of \$3,000.

**January 28, 2002** paid George W. Tenney his bi-weekly salary of \$3,000.

Note: A separate entry would need to be made to accrue salary and wages for January 29-January 31. Such accrual entry has not been included as a required entry for this case study.

### Other Vendors:

**January 1, 2002**, Check Number 100001 paid rent to Bradshaw Properties of \$4,000 for the month of January 2002.

## **APPENDIX II**

**Sample Location and Product Photographs (the remaining photos have been deleted to allows faster loading)**