



Integrating Business Cycles and Transaction Processing: The Kayak Roll Case

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Abstract

Most accounting information systems (AIS) courses cover business cycles, business processes, transaction processing, risks, controls, and other topics independently. Thus, students can miss important relationships among those topics. This case integrates these topics, including how business cycles drive transaction processing, by guiding students through accounting tasks for a kayak retailer. In the case, students analyze business process activities and record transactions in QuickBooks software, a widely-used computerized accounting system representative of those they will likely encounter during their careers.

Keywords

Business processes; business cycles; transaction processing; QuickBooks

Acknowledgements

I appreciate the helpful suggestions and other feedback from the anonymous reviewers as well as the assistance of the senior and associate editors in improving this manuscript. I also express gratitude to the countless students at the University of Wyoming, Colorado Mesa University, and Colorado State University – Pueblo who completed the case and who provided direct and indirect feedback that led to its improvement.

Recent AACSB (2022a, 2022b) mandates for coverage of technology, updates to the CPA exam (AICPA, 2022), and feedback from employers (Nickell & Chambers, 2022; Weisenfeld et al., 2020; Winstead & Wenger, 2015) make clear that accounting information systems (AIS) courses continue to be a core part of the accounting curriculum. AIS textbooks typically include business processes, transaction cycles, transaction processing, database design, and technology use (Raschke & Schatzel, 2021; Richardson et al., 2024; Romney et al., 2024; Turner et al., 2022). However, students can only understand relationships among those topics if the course makes explicit their connections. This paper describes a case that provides linking activities across those topics. Lawson et al. (2014) note that integrating accounting competencies is critical to students' long-term success.

In this case, students use the information provided to set up a retailer (The Kayak Roll) in QuickBooks, enter beginning balances, enter transactions, create source documents, and generate reports. Students gain hands-on experience processing transactions while learning how the retailer's specific business activities drive the transactions. The case appears in Appendix A.

Using QuickBooks in AIS Courses

Most small and medium-sized businesses in various industries use QuickBooks (Adams, 2022; Enlyft, 2022; Sandberg, 2023). Accounting programs that place graduates in these companies (or the accounting firms that serve them) often teach QuickBooks software in their AIS courses. In my AIS course, I review the primary business cycles (revenue, expenditure, payroll, production, and financing) and relate them to how accountants and accounting systems record transactions in journals and classify them in ledgers. I then explain how QuickBooks, a widely used accounting software package, works. I use the case as a final step toward integrating business cycle and transaction processing concepts into a specific software implementation.

Existing Resources for Integration

Few existing resources comprehensively integrate business cycles and transaction processing with accounting software. Most AIS textbooks do not include suitably comprehensive cases. Few ancillary hands-on cases integrate business cycle and transaction processing concepts, especially in computerized accounting system settings. Although some published cases feature multiple business cycles (examples include Borthick et al., 2010; Hayes & Reynolds, 2005; Klamm & Weidenmier, 2004; Premuroso et al., 2011; and Walters, 2011), most illustrate a single cycle only (see Lambert and Bee 2015 for a case featuring the production cycle).

Arens and Ward (2020) cover documentation and transaction processing for multiple cycles in a manual accounting system in their activity, which requires 15-20 hours of student work. This time requirement can make the Arens and Ward (2020) activity too time-consuming for many AIS courses, and students must purchase the materials. Other accounting practice sets are manual (such as Kieso et al., 2019) or require software other than QuickBooks (such as Ingraham & Jenkins, 2019).

Instructional handbooks for QuickBooks include Conlon (2021) and Williams (2021) for the QuickBooks desktop and Hartley (2022), Owen (2023), and Yacht and Lowenkron (2023) for QuickBooks online. Although these provide step-by-step guidance for using the software, they do not establish clear connections to business process or cycle concepts.

Long and Long (2019) is the only QuickBooks practice set I found that provides integrated coverage of business cycle and transaction processing activities. However, it requires students to purchase the materials.

Learning Outcomes

The case helps students learn how an automated transaction processing system (QuickBooks) records and summarizes data about business processes. The three learning outcomes students can achieve by working the case include the abilities to:

1. Describe a retail store's business processes, including how they are organized into cycles, and explain how to create information useful to the store's managers using data from those processes.
2. Explain how QuickBook's transaction processing activities relate to specific business process elements.
3. Record data about business processes in the QuickBooks' transaction processing environment.

Prerequisite Knowledge and Skills

Before working this case, students should have exposure to business processes organized as cycles (revenue/collection cycle, purchase/expenditure cycle, or payroll cycle, for example), an understanding of the accounting process (recording transactions and other economic events in a journal, posting journal entries to a

ledger, creating a trial balance, preparing and posting adjusting journal entries, creating an adjusted trial balance, preparing and posting closing entries, creating a post-closing trial balance, and preparing financial statements) in a manual system. They should also know the elements and functionality of QuickBooks software. The Intuit for Education (2024) program lets students and faculty obtain QuickBooks software at no cost.

Implementation Guidelines

In my use of the case, students read about each business cycle before class. In class, we discuss each cycle before students do related QuickBooks tutorials, which allows students to see how the business cycle processes lead to transaction recording with the software. The readings, lectures, and class discussions include business process concepts and specific steps within the processes, the source documents associated with each process step, typical risks and controls, and how these controls exist (or can be implemented) in QuickBooks.

Delivery Options

Instructors can provide conceptual content (business cycles, process steps, risks, controls, and so on) through in-person lectures or narrated videos. This flexibility allows instructors to use the case in courses delivered in any modality (in-person, fully only, or hybrid). Using class time for hands-on practice with the software, preferably right after students learn the specific business process steps, allows immediate reinforcement.

Integration with Other Course Materials

The first two steps in QuickBooks are always “Create a Company” and “Establish Opening Balances.” After that, instructors can cover business cycle concepts in any order. Table 1 shows the linkages between business cycles, process steps, and tasks students perform in QuickBooks as they work the case.

Table 1

Business Cycles and Process Steps Linked to QuickBooks Tasks

Business cycles	Business process steps	QuickBooks tasks
Revenue	Sales Order Entry	Create/edit/delete customers and jobs
	Shipping	Enter non-inventory and services items
	Billing	Set up sales tax
	Cash Collections	Record a credit sale (using invoice)
		Record a cash sale (using a sales receipt)
		Offer a sales discount
		Issue a sales refund
		Receive full/partial payment
Expenditure	Ordering	Create/edit/delete suppliers
	Receiving	Record inventory purchase
	Invoice Approval	Receive an inventory purchase with and without a bill
	Cash Disbursements	Link expense accounts to vendors
		Enter bills for non-inventory items
		Pay bills in total, with discount applied, and in part
Payroll	Update Master Payroll File Prepare Payroll	Create/edit/delete employees
		Write checks to employees and tax authorities
General Ledger and Reporting	Update general ledger	Create general journal entries for adjustments
	Post adjusting entries	Run reports and use filters within reports
	Prepare financial statements	Reconcile bank account
	Produce other reports	

In the teaching notes, I provide a course schedule that shows how to integrate the case into an AIS course using a widely adopted textbook (Romney et al., 2024). I recommend having students submit three separate deliverables as they complete the case, as follows: 1) demonstrate that they have set up the company in QuickBooks with the provided opening balances, 2) describe their treatment of each provided transaction (based on QuickBooks functionality), and 3) reports generated by QuickBooks after they have entered all provided transactions. Grading rubrics and further implementation discussion is in the teaching notes.

Time Required

The case requires eight to nine hours to complete; however, much of the business cycle/process content will likely replace similar content in most AIS courses. If the course already includes transaction processing software content, the QuickBooks content in the case might replace it, too. Thus, the net additional time needed for the case

will likely be less than six hours. As noted above, the case allows multiple delivery configurations, including completing parts or the entirety of the case outside of class.

Adaptations and Suggestions

Instructors can have students record the case transactions manually or in Excel if they lack experience in making accounting entries. My experience with requiring students to enter the same transactions more than once (for example, in a manual system, then in QuickBooks) is that they find it tedious and frustrating.

Whether instructors assign the first task (setting up the company in QuickBooks) in or outside class, I recommend having students submit that work for grading before they do the transaction analysis and data entry work. If a student's beginning balances, account types, or financial statement settings are incorrect, the final submission will be incorrect even if all subsequent work (transaction analysis and entry) is correct.

In my experience teaching QuickBooks, students often need help writing correct summary journal entries (to establish revenue and expense accounts). Their previous experience with closing entries often confuses them about the purpose of summary journal entries in QuickBooks, and their failure to remember specific accounts' normal balances often leads them to make incorrect (often backward) journal entries.

To reduce the likelihood of cheating, instructors can give each student a unique transaction set (retaining the form of the transactions but changing the numbers. I provide an Excel template with instructions for using this approach in the teaching notes.

Efficacy

I have used this case in 14 introductory undergraduate AIS course sections at three institutions over ten years. The average section size was 19 students. Students were 46% male and 54% female, mostly accounting majors in their junior or senior years, and almost all were traditional college-aged students who had completed prerequisites, including cost accounting and intermediate accounting II.

Student Reactions to the Case

To gauge how well students felt the case worked, I distributed surveys to students in five sections that asked seven questions about their learning experiences using the case. Each survey item asked students to indicate their agreement with a statement by providing a rating on a seven-point Likert scale (7 = "strongly agree," 1 = "strongly disagree"). Results appear in Table 2.

Table 2

Means of Student Ratings on Agreement with Survey Statements

Statement (number of responses)	Rating
1. The case was interesting (45)	5.49
2. The case helped me solidify my understanding of business processes and how data from each process is connected to other business processes and used to create information for the organization (64)	5.38
3. The case increased my understanding of the working of an electronic accounting information system via the use of QuickBooks (64)	5.89
4. The case let me practice skills in the operation of an actual system (that I may either use on the job or that offer transferrable skills to other systems) (64)	5.25
5. The case increased my understanding of the relationships among the various AIS textbook chapters (64)	4.83
6. Overall, the hands-on activities in the case provided a beneficial learning experience (64)	5.48
7. The case was challenging yet doable (18)	5.22

These results show that students largely found the case interesting, beneficial, and challenging (statements 1, 6, and 7) and to meet its learning objectives (statements 2, 3, 4, and 5).

Student Performance on the Case

I report the distribution of grades students earned on the case assignment in five sections of my AIS course that ran between Fall 2018 and Spring 2020. I taught those sections using the three-submission format I recommended earlier in this paper. Table 3 shows grades over these five sections on each submission and the total grades for the case.

Table 3*Grade Distributions for the Three-submission Format, Five Course Sections (Fall 2018 – Spring 2020)*

Grades for	A	B	C	D	F
Submission 1	58	12	10	8	18
Submission 2	39	32	13	9	13
Submission 3	31	22	19	15	19
Total Case	33	26	21	10	16

Overall, about 76% of students across semesters achieved a passing grade (C or above) on the case. This student performance demonstrates that most students completing the case master business cycle and process concepts in a QuickBooks transaction processing environment.

Conclusion

This case integrates student learning about business cycles and processes into transaction processing activities. In the case, students apply business cycle/process concepts as they analyze business events and transactions before entering them into QuickBooks transaction-processing software. This integration provides a better understanding of how those concepts are interrelated and applied in a real-world setting. In addition to describing the case, I outline implementation options in an introductory undergraduate AIS course and include efficacy data for using the case in multiple sections of AIS courses.

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Appendix A

The Kayak Roll Case

The Kayak Roll, a retail store that sells kayaks, opened 25 months ago. Today, sales are increasing rapidly. The store's general manager, Robert Rogers, is developing sales projections for the next year and wants to use the new accounting software, QuickBooks, to help. He'd like the purchasing manager, Paul Peacock, to manage the store's inventory so it will be sufficient to meet expected demand in the upcoming busy kayak sales season this Spring and Summer. The Kayak Roll's accountant, Andrea Anderson, has been on sick leave for the past three weeks, and Robert has realized that he needs some accounting help to pull the necessary numbers together.

Robert met you, an accounting student at the local university, while volunteering with you on a community project last Fall. Impressed with your work on the project and your accounting acumen, he has invited you to take an internship at The Kayak Roll. He is sure you can help him while Andrea is away and expects you to continue working with Andrea when she returns.

Today, March 1, is your first day at The Kayak Roll. Since Andrea has been on sick leave most of the month, Robert has recorded transactions in an Excel file. Thus, your immediate tasks include setting up the company in QuickBooks, entering beginning account balances, and entering all the February transactions. The information you will need to do this (a chart of accounts, beginning account balances, and information about the company, its customers, vendors, employees, inventory, fixed assets, and bank) is in Tables A.1-A.7 and also available in an Excel file that your instructor will provide. The Kayak Roll's internally generated income statement for January and balance sheet as of January 31 appear in Figures A1 and A2, respectively.

Figure A1

Kayak Roll Internally Generated Income Statement

The Kayak Roll			
Income Statement (in US Dollars)			
For the Month Ending January 31, 2023			
Sales Revenue		15,000	
Cost of Goods Sold		<u>(5,900)</u>	
Gross Profit		9,100	
Operating Expenses:			
Salaries Expense			
Andrea Anderson	2,217		
Paul Peacock	1,267		
Robert Rogers	1,350		
Sally Stevens	998		
Teddy Tanner	<u>456</u>	(6,288)	
Payroll Tax Expense		(858)	
Rent Expense		(580)	
Insurance Expense		(98)	
Office Supplies Expense		(53)	
Utility Expense		(316)	
Depreciation Expense		<u>(742)</u>	
Operating Income		165	
Non-Operating Expenses:			
Interest Expense		<u>(23)</u>	
Net Income		<u><u>142</u></u>	

Figure A2*Kayak Roll Internally Generated Balance Sheet*

The Kayak Roll			
Balance Sheet (in US Dollars)			
As of January 31, 2023			
Current Assets:			
Cash			7,570
Accounts Receivable			
Ann Arbor	190		
Brad Baker	230		
Candy Cane	180		
Dudley Dew	50		
Eliza Engleton	<u>110</u>	760	
Inventory			
The Glider (kayak)	950		
The Monster Vapor (kayak)	1,900		
Basic lifejacket	270		
Deluxe lifejacket	540		
Paddle	<u>570</u>	4,230	
Prepaid Insurance		787	
Office Supplies		<u>340</u>	
Total Current Assets			13,687
Long-Term Assets:			
Office Furniture	12,700		
Less: Accumulated Depreciation - Office Furniture	<u>(5,292)</u>	7,408	
Computers	15,600		
Less: Accumulated Depreciation - Computers	<u>(10,400)</u>	5,200	
Display Racks	11,600		
Less: Accumulated Depreciation – Display Racks	<u>(2,223)</u>	<u>9,377</u>	<u>21,985</u>
Total Assets			<u><u>35,672</u></u>
Current Liabilities:			
Accounts Payable			
Iceberg Palace	50		
Jack's Kayaks R' Us	220		
Keep Em' Safe Lifejackets	150		
Longview Lifejackets	130		
Maureen's Paddle Hut	<u>140</u>	690	
Notes Payable		4,000	
Interest Payable		<u>47</u>	
Total Liabilities			4,737
Stockholders' Equity:			
Common Stock		25,000	
Additional Paid-in-Capital - Common Stock		2,000	
Retained Earnings		<u>3,935</u>	
Total Stockholders' Equity			<u>30,935</u>
Total Liabilities and Stockholders' Equity			<u><u>35,672</u></u>

Summary of Case Requirements

Task 1: Set up the company with opening balances in QuickBooks

Task 2: Describe the treatment of transactions based on QuickBooks functionality outside of the platform

Task 3: Enter transaction data in QuickBooks and prepare reports

Task 1: QuickBooks Setup and Initial Balances

1. Read the provided narrative and information about The Kayak Roll
2. Create a QuickBooks company file for The Kayak Roll using the information provided.
3. Use the chart of accounts, financial statement balances, and information provided about equipment, customers, vendors, items, employees, and so on to establish accounts in QuickBooks and enter beginning balances. As you perform this step, note the following:
 - a. You must categorize each account correctly in the chart of accounts, and account numbers should match those in the narrative. For each control account with subaccounts, code the subaccounts as control#.1, control#.2 Delete any unneeded accounts and edit as necessary to match the chart of accounts provided.
 - b. When you complete Part 1, your financial statements should match those in the narrative. If they do not, you have done something wrong.
 - c. You will use most, but not all, information to complete this task.
4. Print and submit the following documents and reports:
 - a. Chart of Accounts showing only “Account” and “Account Type” (the “Account” column should automatically provide the account number)
 - b. Balance Sheet at 1/31/23
 - c. Profit and Loss Report for 1/1/23 – 1/31/23
 - d. Trial Balance at 1/31/23
 - e. Customer Balance Summary at 1/31/23
 - f. Vendor Balance Summary at 1/31/23
 - g. Inventory Valuation Summary at 1/31/23

Task 2: Identifying Appropriate QuickBooks Treatment for Transactions

As you complete the QuickBooks tutorials, you will learn how to record various types of transactions. Thinking about, understanding, and describing where and how to record each transaction will help you enter transactions during the next (third) task. Analyze each transaction on the transaction list, then describe its proper treatment and note relevant characteristics, including:

1. Name the module(s) in which to record the transaction
2. State the number of source documents you will complete
3. Indicate whether a discount or refund is a part of the transaction
4. Identify adjusting entries as such
5. When an entry is required, or bills must be paid, name the accounts involved.

You may organize your submission using the format shown in Figure A3.

Figure A3

Format for Submitting Task 2

Transaction #	Module(s) and number of forms for each module or method of entering in parentheses. If a refund, note not only the module but type of refund (that is, what button will you click?).	If it is a cash collection, is a discount applicable? (Yes/No)	If it is a cash payment, is a discount applicable? (Yes/No)	If it is a general journal entry, is the Adjusting Entry box checked? (Yes/No)	If it is a general journal entry, which accounts are debited/credited (name account and indicate Dr. or Cr.)? or If you Write Checks, what account is the expense? or If you Enter Bills, what account is the expense?
1					

Task 3: Entering Transactions and Events in QuickBooks

After having thought carefully about how to record each transaction properly, enter February's transactions into your Kayak Roll QuickBooks file (corrected if necessary). The points you earn for this task will depend on the accuracy of the 15 deliverables listed below. Please print and submit the following documents in this order:

1. The document(s) created associated with the Keep Em' Safe purchase on February 9, 2023
2. The document(s) created associated with the sale to Geraldine Goode on February 10, 2023
3. The document(s) created associated with Geraldine Goode's return on February 12, 2023
4. The check to Jack's Kayaks R' Us on February 12, 2023
5. The document(s) created associated with the special order to Brad Baker on February 16 and 17, 2023
6. The document(s) created associated with Candy Cane's payment on February 19, 2023
7. The document(s) created associated with the Iceberg Palace purchase on February 23, 2023
8. The check to Paul Peacock on February 28, 2023 with details
9. Adjusted Trial Balance Worksheet (As of February 28, 2023)
10. Balance Sheet (As of February 28, 2023)
11. Profit and Loss Statement (January through February 2023)
12. Profit and Loss Statement (just February 2023)
13. Customer Balance Summary (As of February 28, 2023)
14. Vendor Balance Summary (As of February 28, 2023)
15. Bank Reconciliation (For the period ending February 28, 2023)

Table A1*Fixed Assets and Sales Tax Information**Panel A: Fixed Assets^a*

<u>Fixed Asset</u>	<u>Date Purchased</u>	<u>Cost</u>	<u>Useful Life</u>
Office Furniture	1/1/2021	\$12,700	5
Computers	2/1/2021	\$15,600	3
Display Racks	3/1/2021	\$11,600	10

Panel B: Sales Tax Info

Sales Tax Name:	State Sales Tax
Description:	Tax to be paid to the state of [State]
Tax Rate:	10%
Tax Agency:	State of [State] Department of Revenue 1515 Grand Avenue [City, State, Zip]
Contact:	Becky Night
Phone:	(XXX) 340-1650
Alt. Phone:	(XXX) 340-1678
Email:	beckynight@[state].org

^aAll fixed assets expected to have a salvage value of \$0.

Table A2*Customer Information^a*

<u>Number/Name</u>	<u>Street Address</u>	<u>City/State/Zip</u>	<u>Phone</u>	<u>Email</u>
1. Ann Arbor	159 Villa Drive	[City, State, Zip]	(XXX) 550-1867	annarbor@yahoo.com
2. Brad Baker	25 Courtney Place	[City, State, Zip]	(XXX) 164-5588	brad.baker@hotmail.com
3. Candy Cane	62 Stripe Lane	[City, State, Zip]	(XXX) 444-6213	misscandycane@herolane.com
4. Dudley Dew	1010 Colorado Avenue	[City, State, Zip]	(XXX) 111-4444	DudleyDew@comcast.net
5. Eliza Engleton	109 Broadway Boulevard	[City, State, Zip]	(XXX) 619-2525	eeingleton@mystate.com
6. Geraldine Goode	1040 Iris Drive	[City, State, Zip]	(XXX) 549-5888	ggwilde@comcast.net
7. Frank Farmer	88 Firefly Way	[City, State, Zip]	(XXX) 991-5623	frankief@msn.com

^aCredit terms for all customers are 3/10/n30.

Table A3
Vendor Information^a

Number/ Name	Street Address	City/State/Zip	Contact	Phone	Email
1. Iceberg Palace	44 Iceberg Way	Juneau, AK 99801	Winter King	(907) 459-1823	winterking@icebergpalace.net
2. Jack's Kayaks R' Us	82 W. Main Street	Clovis, NM 88101	Mike J.	(575) 544-7686	mikej@jkayaksrus.com
3. Keep Em' Safe Lifejackets	1414 Hazysore Drive	Cheyenne, WY 82001	Kyle Landry	(307) 801-1629	kyle_landry@keepemsafe.com
4. Longview Lifejackets	76 E. Grapevine	Longview, TX 75601	Jerry Bradley	(430) 903-4482	jb@longviewwp.net
5. Maureen's Paddle Hut	38 Las Vegas Blvd.	Las Vegas, NV 89101	Maureen Miser	(702) 882-1563	maureenmiser@paddlehut.com
6. Nick's Boats	4014 E. Reservoir Lane	Salina, KS 67401	Josey B.	(785) 777-3524	nickandjosey@boaters.com

^aCredit terms from all vendors are 3/10/n30**Table A4**
Inventory Information^a

Number/Name	Description	Preferred Vendor	Cost	Sales Price
1. The Glider (kayak)	A smaller, flat water boat	Iceberg Palace	190	570
2. The Monster Vapor (kayak)	A larger, flat water boat	Jack's Kayaks R' Us	380	1,140
3. Basic Life Jacket	An economy PFD	Keep Em' Safe Lifejackets	27	81
4. Deluxe Life Jacket	A high-end PFD	Longview Lifejackets	36	108
5. Paddle	Basic paddle	Maureen's Paddle Hut	57	171
6. Wave Runner (kayak) ^b	A smaller, white-water boat	Nick's Boats		

^aAll freight charges are included within the cost and sales price of the items. Calculate beginning quantities on hand using the beginning balance sheet and the data from this table.^bThe Wave Runner is a new product that will be purchased and sold in February. Cost and sales price will be in the related transaction details.

Table A5
Employee Information, Part 1^a

Employee	Annual Salary	Annual Charitable Contributions	Hourly Rate	Days Worked	Hours Worked Each Day
Paul Peacock	\$15,200	90			
Robert Rogers	\$16,200	150			
Sally Stevens			\$9.60	M, W, F	8
Teddy Tanner			\$9.50	T, Th	6

^aThe Kayak Roll uses an outside payroll service. When employees are paid at the end of the month, write a check to them and record to the appropriate accounts. Each employee (whether salaried or hourly) contributes 7.65% to FICA with The Kayak Roll matching the contribution. Each employee pays federal income taxes at a rate of 20%. The Kayak Roll is subject to federal unemployment taxes of 0.8% and state unemployment taxes of 5.2% on gross wages paid to its employees. There is no cap on the amount paid (i.e. all gross wages earned are subject to the taxes).

Table A6
Employee Information, Part 2^a

Number/Name	Gender	Address	City/State/Zip	Phone	Personal email	Date of Hire	Date of Birth
1. Andrea Anderson	Female	555 Milky Way	[City, State, Zip]	(XXX) 452-8962	andrea.anderson@gmail.com	1/1/2021	3/6/1977
2. Paul Peacock	Male	65 Horizon	[City, State, Zip]	(XXX) 652-1134	paul_peacock39@yahoo.com	7/5/2021	9/20/1963
3. Robert Rogers	Male	4050 Chipper Lane	[City, State, Zip]	(XXX) 342-9965	rogers950@hotmail.com	4/7/2022	6/18/1982
4. Sally Stevens	Female	54 Pendleton Way	[City, State, Zip]	(XXX) 780-9922	ssstevens@gmail.com	1/15/2023	9/2/1994
5. Teddy Tanner	Male	440 Sunset Circle	[City, State, Zip]	(XXX) 387-0045	teddy.tanner@msn.com	11/1/2022	8/21/1969

^aWhile The Kayak Roll uses an outside payroll service, the above data is tracked in the Employee Center. Make sure to enter this data in the Employee Center.

Table A7*Transaction / Events for February 2023*

Transaction Number	Transaction Description
1	On 2/3/2023, The Kayak Roll sold a Monster Vapor kayak to Frank Farmer on account.
2	The Kayak Roll purchased two (2) Monster Vapor kayaks from Jack's Kayaks R' Us on 2/3/2023 and received the items in full with the bill on 2/4/2023.
3	To get potential customers thinking about the upcoming kayak season, an ad was placed in the local newspaper on 2/5/2023. Check # 2011 for \$85 was used to pay for the advertising. Use "Advertising Agency" as the vendor but don't add any additional details.
4	On 2/9/2023 The Kayak Roll sold one (1) basic life jacket and one (1) paddle to an unknown customer for cash (no discounts were applicable).
5	The Kayak Roll purchased two (2) basic life jackets from Keep Em' Safe Life Jackets and two (2) paddles from Maureen's Paddle Hut on account. The items were purchased on 2/8/2023 and received in full with the bill on 2/9/2023.
6	In anticipation of kayaking sessions being offered at the local pool and in hopes of getting her boyfriend to join her, The Kayak Roll sold two (2) Glider kayaks, two (2) Deluxe Life Jackets, and two (2) paddles to Geraldine Goode on 2/10/2023 on account.
7	After the first pool session, Geraldine and her boyfriend decided that they wanted to upgrade to the store's other main boat, the Monster Vapor kayak. On 2/12/2023, the store accepted a return of the two (2) Gliders and subsequently sold Geraldine two (2) Monster Vapor kayaks on account. Note: You do not want to debit Sales for this return amount because you have a Sales Returns and Allowances account.
8	Frank Farmer visited the store on 2/12/2023 and paid his account in full.
9	On 2/12/2023, The Kayak Roll paid Jack's Kayaks R' Us for the purchase made on 2/4/2023, using check # 2012.
10	The Kayak Roll purchased \$230 of office supplies with check # 2013 on 2/16/2023. Use "Office Supply Store" as the vendor but don't add any additional details.
11	Brad Baker came to the store on 2/16/2023 and paid his account in full.
12	After paying his account in full, Brad inquired about a new model of kayak, the Wave Runner. The store, always anxious for additional sales and wanting to satisfy loyal customers agreed to purchase some Wave Runners and subsequently sell them to Brad. On 2/16/2023, the store purchased four (4) Wave Runners from Nick's Boats at \$300 each, four (4) Deluxe Life Jackets from Longview Life Jackets, and four (4) paddles from Maureen's Paddle Hut. All items were received with the bill on 2/17/2023. However, one of the paddles from Maureen's was broken upon arrival. After talking with the vendor, The Kayak Roll decided to just receive and pay for three (3) paddles and not require a fourth since the company still had some paddles previously in stock. Maureen's agreed to require payment for only three. The terms on the purchases of the life jackets and paddles were as normal at 3/10/n30. The terms on the Wave Runner were n/30.
13	On 2/17/2023, Brad came in and The Kayak Roll sold him four (4) Wave Runners (at \$900 each), four (4) Deluxe Life Jackets, and four (4) paddles. Note that although Bob was a return customer, the regular cash sales price was charged (i.e., no discount was provided – even for the lifejackets and paddles) to compensate for the additional effort associated with obtaining the new kayak model.
14	On 2/19/2023, three customers came to the store and paid on their accounts as follows: Ann Arbor paid \$150, Candy Cane paid \$120, and Dudley Dew paid his account in full.
15	The company paid several bills on 2/20/2023 as follows: \$50 to Iceberg Palace with check # 2014, \$220 to Jack's Kayaks R' Us with check # 2015, \$190 to Keep 'Em Safe Life Jackets with check # 2016, \$130 to Longview Life Jackets with check # 2017, the full amount of the special order to Maureen's Paddle Hut with check # 2018, and the balance owed to Nick's Boats with check # 2019.
16	In anticipation of spring run-off season, on 2/22/2023, The Kayak Roll purchased the following items on account: five (5) Gliders from Iceberg Palace, five (5) Monster Vapors from Jack's Kayaks R' Us, five (5) Basic Life Jackets from Keep 'Em Safe Life Jackets, and five (5) paddles from Maureen's Paddle Hut. All of the items were received in full with the bill on 2/23/2023.
17	The first round of advertising significantly increased sales. The store decided to ramp up its efforts in that area by purchasing an additional ad for \$76 on 2/23/2023, using check # 2020. Again, use "Advertising Agency" as the vendor.

Table A7 (continued)*Transaction / Events for February 2023*

Transaction Number	Transaction Description
18	To better ensure its salespeople are knowledgeable about both fundamental and advanced kayaking moves and that they can answer customer questions as they arise and provide free customer training sessions, the store sent two salespeople to a skills development workshop on 2/24/2023. Check # 2021 was used to pay for the workshop. The cost was \$124 per person. Use "Skills Development Agency" as the vendor but don't add any additional details.
19	Geraldine Goode not only managed to "hook" her boyfriend on the fine art of kayaking, she managed to recruit her family as adventurers as well. She re-visited the store on 2/25/2023, and The Kayak Roll sold her the following on account: two (2) Monster Vapors, two (2) Deluxe Life Jackets, and two (2) paddles.
20	After seeing the latest advertisement, an unknown customer came into the store on 2/25/2023, and paid cash for six (6) paddles to surprise each member of her family (no discounts were applicable).
21	On 2/27/2023, the store used check #2022 to pay off its note payable (3-month, 7.0% note issued December 1, 2022) and the related interest. Note that interest was properly expensed (and accrued) in December and January but not paid until now. The check should be written to Community Bank as a vendor but don't add any additional details.
22	Check #2023 was used to pay the rent of \$580 on 2/28/2023. Use "Rent Agency" as the vendor but don't add any additional details.
23	Check #2024 was used to pay the utilities of \$590 on 2/28/2023. Use "Utilities Agency" as the vendor but don't add any additional details.
24	Check #2025 was used to pay Andrea Anderson her monthly salary on 2/28/2023.
25	Check #2026 was used to pay Paul Peacock his monthly salary on 2/28/2023.
26	Check #2027 was used to pay Robert Rogers his monthly salary on 2/28/2023.
27	Check #2028 was used to pay Sally Stevens her wages for the hours she worked during February. The check was dated 2/28/2023. (Hint use 2023's actual calendar to determine how many days Sally worked during the month of February.)
28	Check #2029 was used to pay Teddy Tanner his wages for the hours he worked during February. The check was dated 2/28/2023. (Hint: Again use 2023's calendar.)
29	Record the payroll taxes for which The Kayak Roll is responsible for the month of February. Record the accrual on 2/28/2023. Payroll taxes and other withholdings have not yet been remitted.
30	Additional display racks were purchased on 2/28/2023, by issuing a 6 month, 6.0% note payable of \$1,290. The racks were installed (placed in service) on March 1, 2023, and thus are not depreciated in February. (Hint: don't record any interest expense/payable related to the note because it was signed at the end of the month and thus no interest has accrued.)

Adjusting Entries at Month-End

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|----|--|
| 31 | Prepare the adjusting journal entry to record the depreciation expense for the month of February. All depreciation entries are made monthly using the straight-line method. When recording the depreciation, you may use one depreciation expense account, but you should use separate accumulated depreciation accounts for each asset type. Date this entry as of 2/28/2023. |
| 32 | Use the date of 2/28/2023, to record the expiration of insurance. The policy was purchased for \$1,180 on 10/01/22 and has a 12-month term. |
| 33 | As of 2/28/2023, \$300 of office supplies remained on hand. |

Bank Reconciliation

- | | |
|----|---|
| 34 | The Kayak Roll received a monthly bank statement from Community Bank. The bank statement was dated 2/28/2023. The ending balance was \$11,499.78. All deposits that were made by The Kayak Roll and the following checks written by The Kayak Roll were listed on the statement. Note all checks cleared for the correct amount. The bank listed a bank service charge not previously recorded by the company in the amount of \$145. |
|----|---|

Checks that Cleared: #2011, #2012, #2015, #2017, #2018, #2019, #2021, #2024, #2026

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