## Disco Dave's Dance Club Continuing the Accounting Cycle: Journal, Ledger, Trial Balance, Adjustments, Worksheet

### **Overview**

One of your friends, Disco Dave, just started a new club called Disco Dave's Dance Club.

### **Chart of Accounts**

These are the account names and numbers that you should use throughout the problem. Some of these accounts will be used for the adjusting entries.

Account Name	Account Number
Cash	11
Accounts Receivable	12
Supplies	13
Prepaid Insurance	14
Equipment	15
Accumulated Depreciation - Equipment	16
Accounts Payable	21
Wages Payable	22
Unearned Fees	23
Disco Dave, Capital	31
Disco Dave, Drawing	32
Fees Earned	41
Depreciation Expense	51
Insurance Expense	52
Supplies Expense	53
Wages Expense	54



### **Business Transactions**

The business transactions in the month of March 2019 for Disco Dave's Dance Club can be found below. You will use these transactions to complete the journal on the next page.

- Mar 1 Owner invested \$10,000 cash in his business, Disco Dave's Dance Club. R1.
  - 2 Purchased equipment for cash, \$3,600. The equipment has a useful life of 3 years. C1.
  - 4 Purchased supplies on account, \$1,500. M1.
  - 5 Paid \$600 in advance for a six month insurance policy. C2.
  - 20 Billed the Johnson family for a private party held at the club last night, \$1,000 (hint: these fees have been earned but not yet received). S1.
  - 29 Received a total of \$15,000 in cash from customers at the club during the month. T1.
  - 30 The Griswalds pay one month in advance for a party at the club in April, \$1,200 (hint: these fees have been received, but not yet been earned). T2.
  - 31 Disco Dave withdrew \$1,500 at the end of the month for personal use. C3.

### Instructions

- 1. Journalize the above business transactions.
- 2. Post the journal entries to the ledger.
- 3. Transfer the ledger balances to the unadjusted trial balance on the worksheet.
- 4. Enter the adjusting entry amounts into the adjustments columns on the worksheet.
- 5. Add across the worksheet to fill in the adjusted trial balance columns.

STOP. We will journalize the adjusting entries and post them to the ledger together.

# **Disco Dave's Dance Club**

Continuing the Accounting Cycle: Journal, Ledger, Trial Balance, Adjustments, Worksheet

## Journal

Complete the unshaded part of the journal for the business transactions. Use the bottom shaded spaces (marked "ADJ") for the adjusting entries later in the problem.

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## Disco Dave's Dance Club Continuing the Accounting Cycle: Journal, Ledger, Trial Balance, Adjustments, Worksheet

## Ledger

Complete the unshaded part of the ledger for the business transactions. Use the shaded spaces (marked "ADJ") for the adjusting entries later in the problem.

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## **Disco Dave's Dance Club**

Continuing the Accounting Cycle: Journal, Ledger, Trial Balance, Adjustments, Worksheet

WAGES P	AYABLE				Account No. 22
Date	ltem	Post. Ref.	Debit	Credit	Balance Debit Credit
ADJ		Ron			
UNEARNE	D FEES				Account No. 23
Date	ltem	Post. Ref.	Debit	Credit	Balance Debit Credit
DISCO DA	VE, CAPITAL	Deet		11 1	Account No. 31
Date	ltem	Post. Ref.	Debit	Credit	Balance Debit Credit
	VE, DRAWING				Account No. 32
		Post.			Balance
Date	ltem	Ref.	Debit	Credit	Debit Credit
FEES EAF	RNED				Account No. 41
		Post.			Balance
Date	Item	Ref.	Debit	Credit	Debit Credit
DEPRECI	ATION EXPENS	E			Account No. 51
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INSURAN	CE EXPENSE				Account No. 52
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Date	Item	Ref.	Debit	Credit	Debit Credit
ADJ					

### Worksheet

Complete the unadjusted columns by copying the account balances from the ledger. Fill in the adjustments columns using the adjusting entry information from the next page. Then add across the worksheet to complete the adjusted trial balance columns.

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	UNADJUSTED					Adjustments						ADJUSTED										
	Del	bit		Credit			Debit				Credit			Debit			1	Cr				
Cash																						
Accounts Receivable																						
Supplies																						
Prepaid Insurance																						
Equipment																						
Accumulated Depreciation - Equipment																						
Accounts Payable																						
Wages Payable																						
Unearned Fees																						
Disco Dave, Capital																						
Disco Dave, Drawing																						
Fees Earned																						
Depreciation Expense																						
Insurance Expense																						
Supplies Expense																						
Wages Expense																						
TOTAL																						

SEE NEXT PAGE FOR THE ADJUSTING ENTRIES TO INCLUDE IN THE WORKSHEET.

## **Adjusting Entries**

The adjusting entries in the month of March 2019 for Disco Dave's Dance Club can be found below. You will use these transactions to complete the adjustments on the previous page.

- Mar 31 Completed inventory and found that the amount of supplies on hand at the end of month was \$500, meaning that \$1,000 of supplies had been used during the period. M2.
  - 31 Recorded the adjusting entry for the one month of the insurance policy that has been used in March. M3.
  - 31 Recorded the adjusting entry for depreciation in March (one month) on the equipment purchased. M4.
  - 31 Normal payday for Disco Dave's business is every Wednesday. As of Friday, March 31, his employees have earned \$400 in wages that will not be paid until Wednesday (next month). Record the adjusting entry to reflect these wages that are owed but not yet paid. M5.

STOP. We will journalize the adjusting entries and post them to the ledger together.

Continuing the Accounting Cycle: Worksheet, Income Statement, Balance Sheet

### Worksheet: You will need your Disco Dave's packet PART I to complete this worksheet.

Fill in the ADJUSTED TRIAL BALANCE columns from PART I. Then carry over the balances to the appropriate Income Statement and Balance Sheet columns. Use this information to complete the financial statements on the following pages.

	Di	isco Dave's Dance Cl WORKSHEET March 31, 2019	ub								
		DJUSTED AL BALANCE		TATEMENT	BALANCE SHEET						
	Debit	Credit	Debit	Credit	Debit	Credit					
Cash											
Accounts Receivable											
Supplies											
Prepaid Insurance											
Equipment											
Accumulated Depreciation - Equipment											
Accounts Payable											
Wages Payable											
Unearned Fees											
Disco Dave, Capital											
Disco Dave, Drawing											
Fees Earned											
Depreciation Expense											
Insurance Expense											
Supplies Expense											
Wages Expense											



# Disco Dave's Dance Club – PART II

Continuing the Accounting Cycle: Worksheet, Income Statement, Balance Sheet

#### **Income Statement**

Prepare an income statement for Disco Dave's Dance Club for the month ended March 31, 2019. Make sure to include the correct title at the top of the statement. Note: There *are* extra lines in the chart.

Revenues:					
Fees Earned					
Expenses:					
Depreciation Expense					
Insurance Expense					
Supplies Expense					
Wages Expense					
Total Expenses			-		
Net Income					
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# Disco Dave's Dance Club – PART II

Continuing the Accounting Cycle: Worksheet, Income Statement, Balance Sheet

### **Statement of Owner's Equity**

Prepare a statement of owner's equity for Disco Dave's Dance Club for the month ended March 31, 2019. Make sure to include the correct title at the top of the statement.

The Statement of Owner's Equity is a fairly simple financial statement, however, it can also be the most confusing to prepare. Therefore, I have filled in some of spaces for you.

Disco Dave Capital, March 1, 2019			\$	0	00
			۲	Ŭ	
Add: Investment On March 1, 2019	\$				
ADD: NET INCOME (From The Income Statement)					
Less: Withdrawal On March 31, 2019					
Increase In Owner's Equity					
Disco Dave Capital, March 31, 2019 *			\$		
* USE THE ENDING OWNER'S EC	NOL	JNT			
"DISCO DAVE CAPITAL", MARCH YOU JUST CALCULATED ABC	-				
BALANCE SHEET ON THE N					

Note that your ending capital amount for "Disco Dave Capital, March 31, 2019", does NOT equal the amount from your ledger, since we are adding net income and subtracting withdrawals from it. This ending capital amount will be carried over to the balance sheet.

### **Balance Sheet**

Prepare a balance sheet for Disco Dave's Dance Club as of March 31, 2019. Make sure to include the correct title at the top of the statement. There *are* extra lines in the chart.

<u>ASSETS</u>			LIABILITIES			Τ	
Cash			Accounts Payable				
Accounts Receivable			Wages Payable				
Supplies			Unearned Fees				
Prepaid Insurance			Total Liabilities				
Equipment							
Less: Accumulated Depreciation – Equip		 	OWNER'S EQUITY				
			Disco Dave, Capital				
			Total Owner's Equity		Ť		
						T	
Total Assets			Total Liabilities & Owner's Equity				

Remember: Your total assets (left side) should balance with your total liabilities plus owner's equity (right side). If the totals DO balance, draw a double underline under each number. If they DO NOT balance, try to find your mistakes.