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 2020 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.

JOURNAL **Page 1**

Date		Description	Doc. No.	Post Ref.	Debit					Credit				
ADJ														
ADJ														
ADJ														
ADJ														

Disco Dave's Dance Club

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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.

CASH — **Account No. 11**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

ACCOUNTS RECEIVABLE — **Account No. 12**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

SUPPLIES — **Account No. 13**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
ADJ						

PREPAID INSURANCE — **Account No. 14**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
ADJ						

EQUIPMENT — **Account No. 15**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

ACCUMULATED DEPRECIATION – EQUIPMENT — **Account No. 16**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
ADJ						

ACCOUNTS PAYABLE — **Account No. 21**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

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WAGES PAYABLE — **Account No. 22**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
ADJ						

UNEARNED FEES — **Account No. 23**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

DISCO DAVE, CAPITAL — **Account No. 31**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

DISCO DAVE, DRAWING — **Account No. 32**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

FEES EARNED — **Account No. 41**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit

DEPRECIATION EXPENSE — **Account No. 51**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
ADJ						

INSURANCE EXPENSE — **Account No. 52**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
ADJ						

SUPPLIES EXPENSE — **Account No. 53**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
ADJ						

WAGES EXPENSE — **Account No. 54**

Date	Item	Post. Ref.	Debit	Credit	Balance Debit	Balance Credit
ADJ						

Disco Dave's Dance Club

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

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.

Disco Dave's Dance Club
TRIAL BALANCE
March 31, 2020

	UNADJUSTED		Adjustments		ADJUSTED	
	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						
TOTAL						

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

Disco Dave's Dance Club

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

Adjusting Entries

The adjusting entries in the month of March 2020 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.

Disco Dave's Dance Club – PART II

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.

Disco Dave's Dance Club
WORKSHEET
March 31, 2020

	ADJUSTED TRIAL BALANCE		INCOME STATEMENT		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, 2020. Make sure to include the correct title at the top of the statement. Note: There *are* extra lines in the chart.

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Revenues:										
Fees Earned										
Expenses:										
Depreciation Expense										
Insurance Expense										
Supplies Expense										
Wages Expense										
Total Expenses										
Net Income										

USE THE NET INCOME AMOUNT THAT YOU JUST CALCULATED ABOVE FOR THE STATEMENT OF OWNER'S EQUITY ON THE NEXT PAGE.

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, 2020. 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.

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_____

Disco Dave Capital, March 1, 2020		$ 0 00
Add: Investment On March 1, 2020	$	
ADD: NET INCOME (From The Income Statement)		
Less: Withdrawal On March 31, 2020		
Increase In Owner's Equity		
Disco Dave Capital, March 31, 2020 *		$

*** USE THE ENDING OWNER'S EQUITY AMOUNT "DISCO DAVE CAPITAL", MARCH 31, 2020" THAT YOU JUST CALCULATED ABOVE FOR THE BALANCE SHEET ON THE NEXT PAGE.**

Note that your ending capital amount for "Disco Dave Capital, March 31, 2020", 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.

Disco Dave's Dance Club – PART II

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

Balance Sheet

Prepare a balance sheet for Disco Dave's Dance Club as of March 31, 2020. Make sure to include the correct title at the top of the statement. There *are* extra lines in the chart.

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_____

ASSETS						**LIABILITIES**					
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					
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.