

Comprehensive Problem 1: The Accounting Cycle

Bob Night opened The General's Favorite Fishing Hole. The fishing camp is open from April through September and attracts many famous college basketball coaches during the off-season. Guests

typically register for one week, arriving on Sunday afternoon and returning home the following Saturday afternoon. The registration fee includes room and board, the use of fishing boats, and professional instruction in fishing techniques. The chart of accounts for the camping operations is provided below.

This comprehensive problem is intended to serve as a mini-practice set without the source documents. As such, students should plan on about three to four hours to complete this problem.

The General's Favorite Fishing Hole	
Chart of Accounts	
Assets	
101	Cash
142	Office Supplies
144	Food Supplies
145	Prepaid Insurance
181	Fishing Boats
181.1	Accum. Depr.—Fishing Boats
Liabilities	
202	Accounts Payable
219	Wages Payable

Owner's Equity

311 Bob Night, Capital

312 Bob Night, Drawing

313 Income Summary

Revenues

401 Registration Fees

Expenses

511 Wages Expense

521 Rent Expense

523 Office Supplies Expense

524 Food Supplies Expense

525 Phone Expense

533 Utilities Expense

535 Insurance Expense

536 Postage Expense

542 Depr. Exp.—Fishing Boats

The following transactions took place during April 20--.

- Apr. 1 Night invested cash in business, \$90,000.
- 1 Paid insurance premium for six-month camping season, \$9,000.
- 2 Paid rent for lodge and campgrounds for the month of April, \$40,000.
- 2 Deposited registration fees, \$35,000.
- 2 Purchased 10 fishing boats on account for \$60,000. The boats have estimated useful lives of five years, at which time they will be donated to a local day camp. Arrangements were made to pay for the boats in July.
- 3 Purchased food supplies from Acme Super Market on account,

\$7,000.

- 5 Purchased office supplies from Gordon Office Supplies on account, \$500.
- 7 Deposited registration fees, \$38,600.
- 10 Purchased food supplies from Acme Super Market on account, \$8,200.
- 10 Paid wages to fishing guides, \$10,000.
- 14 Deposited registration fees, \$30,500.
- 16 Purchased food supplies from Acme Super Market on account, \$9,000.
- 17 Paid wages to fishing guides, \$10,000.
- 18 Paid postage, \$150.
- 21 Deposited registration fees, \$35,600.
- 24 Purchased food supplies from Acme Super Market on account, \$8,500.
- 24 Paid wages to fishing guides, \$10,000.
- 28 Deposited registration fees, \$32,000.
- 29 Paid wages to fishing guides, \$10,000.
- 30 Purchased food supplies from Acme Super Market on account, \$6,000.
- 30 Paid Acme Super Market on account, \$32,700.
- 30 Paid utilities bill, \$2,000.
- 30 Paid phone bill, \$1,200.
- 30 Bob Night withdrew cash for personal use, \$6,000.

Adjustment information for the end of April is provided below.

- a. Office supplies remaining on hand, \$100.
- b. Food supplies remaining on hand, \$8,000.
- c. Insurance expired during the month of April, \$1,500.
- d. Depreciation on the fishing boats for the month of April, \$1,000.

e. Wages earned, but not yet paid, at the end of April, \$500.

Required

1. Enter the transactions in a general journal. Enter transactions from April 1–5 on page 1, April 7–18 on page 2, April 21–29 and the first two entries for April 30 on page 3, and the remaining entries for April 30 on page 4.
2. Post the entries to the general ledger. (If you are not using the working papers that accompany this text, you will need to enter the account titles and account numbers in the general ledger accounts.)
3. Prepare a trial balance on a work sheet.
4. Complete the work sheet.
5. Journalize the adjusting entries (page 5).
6. Post the adjusting entries to the general ledger.
7. Prepare the income statement.
8. Prepare the statement of owner's equity.
9. Prepare the balance sheet.
10. Journalize the closing entries (pages 5 and 6).
11. Post the closing entries to the general ledger.
12. Prepare a post-closing trial balance.

Chapter : Summary Comprehensive Problem 1: The Accounting Cycle

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