



LEDGER MANIA ADJUSTMENTS VERSION

Ledger Mania is an interactive classroom activity used to demonstrate the adjustments phase of the accounting cycle. Students will land on squares representing adjusting transactions, use the information given on the unadjusted trial balance to journalize the adjusting entries, then post them to the T-accounts and produce an adjusted trial balance.

Game Objective:

Rollin Stone is a house painter and owns RS Painting Company. It is now December 31 and the previous adjusting entries were completed on November 30, so your job is to prepare adjusting entries for the month of December.

The first team to complete the following wins the game:

- Record the adjusting entries in the general journal
- Post the adjusting entries to the general ledger, and
- Prepare a balanced adjusted trial balance

Game Setup

Students are broken into teams of 1-3 players, with 2-5 teams assigned to each board. It is not necessary to hand out Ledger Mania cash for this version of the game as there are few transactions that involve cash, but if the instructor wishes cash can be handed out as follows

3 x \$500 bill, 6 x \$100 bills, 4 x \$50 bills, 5 x \$20 bills, 7 x \$10 bills, and 6 x \$5 bills

Each team will choose a token. The instructor will inform each team which forms from the student packet are necessary for the version of the game being played.

Game Play

For each board, the team with the highest roll of the die goes first. Play passes to the team on the left. Each team will then roll the die in order and advance their token to the appropriate square determined by the roll. Each square landed upon will be coded with either an O, I or F and a number. O is for Operating, I is for Investing, and F is for Financing. The combination of letter and number tells the team which transaction they need to record, using the included transaction sheet. For each square landed on, the rolling team will:

1. Record the letter and number of the transaction in the General Journal
2. Pay cash to the bank or receive cash from the bank, if the transaction calls for either a cash payment or cash receipt (if Ledger Mania cash is used)
3. Record the accounts and amounts to debit and credit in the General Journal
4. Post the transaction to the appropriate accounts in the General Ledger
5. **A team cannot land on the same transaction two times. If a team lands on a square that that team had previously landed on, the team gets an additional roll.**

Ending the Game

Each team will move the same number of times as directed by the instructor. After the last move has been made, the first team to produce a balanced adjusted trial balance wins the game. Your instructor may require additional forms or reconciliations for the version of the game being played.

Unadjusted Trial Balance and Chart of Accounts for RS Painting Company

G/L Account #		DR	CR
1100	Cash	38,500	
1200	Accounts Receivable	52,000	
1250	Allowance for Uncollectible Accounts		250
1260	Interest Receivable	100	0
1350	Supplies	2,700	
1400	Prepaid Advertising	4,000	
1420	Prepaid Cleaning	200	
1430	Prepaid Insurance	4,000	
1440	Prepaid Rent	28,000	
1500	Notes Receivable	1,500	
1600	Vehicle	18,000	
1650	Accumulated Depreciation – Vehicle		7,200
1800	Equipment	72,000	
1850	Accumulated Depreciation – Equipment		42,600
1900	Building	24,000	
1950	Accumulated Depreciation - Building		12,000
2100	Accounts Payable		3,800
2150	Credit Card Payable		7,250
2200	Salaries Payable		0
2250	Utilities Payable		0
2300	Telephone Bill Payable		0
2350	Equipment Rental Payable		0
2400	Income Tax Payable		750
2500	Unearned Revenue – Contracts		1,500
2530	Unearned Revenue – Customer Deposits		800
2560	Unearned Revenue – Gift Certificates		1,000
2600	Vehicle Loan Payable		12,200
2700	Notes Payable		6,000
2800	Mortgage Payable		22,500
3500	R. Stone, Capital		125,000
3550	R. Stone, Drawing	32,150	
4000	Painting Revenue		337,000
4100	Late Fee Revenue		1,500
4200	Interest Income		600
5000	Advertising Expense	24,750	
5050	Bad Debt Expense	1,900	
5100	Bank Service Charges	1,350	
5150	Cleaning Expense	1,150	
5200	Depreciation Expense – Building	1,100	
5250	Depreciation Expense – Equipment	6,600	
5300	Depreciation Expense – Vehicle	3,300	
5350	Income Tax Expense	32,500	
5400	Insurance Expense	5,500	
5450	Interest Expense	1,250	
5500	Rent Expense – Equipment	6,600	
5550	Rent Expense – Office Space	22,000	
5600	Salaries Expense	168,000	
5640	Supplies Expense	2,000	
5650	Telephone Expense	2,200	
5700	Utilities Expense	24,600	
	Total Debits/Credits	581,950	581,950

Adjustments Transaction Set

- O-1 Gift certificates for painting services sold in October and November (previously recorded as Unearned Revenue – Gift Certificates) were redeemed for services in December \$750.
- O-2 The company provided painting services totaling \$800 on December 31. The invoices will be mailed to the customers on January 2.
- O-3 The company purchased a 12-month insurance policy for \$6,000 on April 1 and debited Prepaid Insurance.
- O-4 The company's utility bill for December is \$450, which will be paid in January.
- O-5 A physical count of the supplies as of December 31 shows that \$550 of supplies remain.
- O-6 An examination of the December 31 bank statement showed that the company was charged a service fee of \$45 by the bank for December.
- O-7 A customer paid a deposit of \$300 in November (previously recorded as Unearned Revenue – Customer Deposits) for work to be completed at a future date. The work was completed in December.
- O-8 The company provided painting services totaling \$750 on December 31. The customer paid \$250 in cash and will be invoiced for the remainder total on January 2.
- O-9 The company leased office space in February and prepaid \$48,000 for two years of rent, which was debited to Prepaid Rent.
- O-10 The company's telephone bill for December is \$200, which will be paid in January.
- O-11 The company rents equipment for \$1,200 each month and pays on the 15th of the month for the previous 30 days. The last rent payment was paid December 15.
- O-12 Income tax expense for December is \$3,200. Quarterly taxes will be paid on January 15.
- O-13 The company signed a contract on December 1 to begin providing 30 hours of painting services and received a prepayment of \$1,500 (recorded as Unearned Revenue – Contracts). As of December 31, 10 hours of painting services have been provided.
- O-14 On December 31, the company charged late fees totaling \$300 to customer accounts (the company uses the account Late Fee Revenue for late fees)
- O-15 The equipment was purchased 6 years ago for \$72,000 and had an original useful life of 10 years with zero salvage value. The company uses straight line depreciation.
- O-16 The credit card statement shows that the company was charged \$87 for interest on balances during the month of December.
- O-17 The company paid \$4,000 on December 1 for advertising to be run during December and January. The company debited Prepaid Advertising at that time.
- O-18 An examination of the December 31 bank statement showed that a check received from a customer for payment on account for \$275 was marked NSF.
- O-19 An examination of the December 31 bank statement showed that a check received from a customer for services provided in December was recorded as \$2,360 when the actual amount of the check was \$2,630.

- O-20 The company provided 10 hours of painting services for a commercial client during the last half of December. The client is billed for services performed the previous 30 days on the 15th of every month at a rate of \$75 per hour.
- O-21 The company purchased its vehicle 2 years ago for \$18,000. The vehicle had an original useful life of 5 years with zero salvage value. The company uses straight line depreciation.
- O-22 The company uses the percent of sales method of estimating bad debt. Credit sales were \$10,000 during December. The company uses a bad debt percentage of 1.5% of credit sales.
- O-23 The company pays a cleaning service \$200 in advance for 4 cleanings. As of December 31, only one cleaning has been provided since the last payment.
- O-24 Salaries for the last two weeks of December total \$7,300, which will be paid in early January.
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- I-1 The company charges a 1% interest charge per month for all accounts receivable overdue more than 30 days. As of December 31, \$3,000 of accounts receivable were subject to the 1% fee, which was added to the customers' accounts.
- I-2 The company earned \$37 interest on its bank account balance during December. The interest will be credited to the account on January 5th.
- I-3 During the month of December, the company held \$1,500 in customer notes receivable subject to a 12% annual interest rate. The interest was added to the note receivable balances.
- I-4 The company owns a storage facility (building) which was purchased 10 years ago at a cost of \$24,000. The storage facility had an original useful life of 20 years and was depreciated using the straight-line method with zero salvage value.
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- F-1 After the last monthly payment, the company owed \$12,200 on the vehicle loan, which carries an annual interest rate of 6%. The last monthly payment was made on December 1 and the next payment will be made on January 1. The interest should be added to the vehicle loan payable account.
- F-2 The company has a \$6,000 note payable outstanding with the bank at an annual interest rate of 8%. Interest is paid quarterly on January 1, April 1, July 1, and October 1. The interest should be added to the notes payable account.
- F-3 As of December 1, the company owed \$22,500 for the mortgage on the storage facility. The mortgage carries an annual interest rate of 4%. The interest should be added to the mortgage payable account.



General Ledger page 1 (Assets)

1100 Cash
38,500

1200 Accounts Receivable
52,000

1250 Allowance for Uncollectible Accts
250

1260 Interest Receivable
100

1350 Supplies
2,700

1400 Prepaid Advertising
4,000

1420 Prepaid Cleaning
200

1430 Prepaid Insurance
4,000

1440 Prepaid Rent
28,000

1500 Notes Receivable
1,500

1600 Vehicle
18,000

1650 Accumulated Depreciation, Vehicle
7,200

1800 Equipment
72,000

1850 Accumulated Depreciation, Equipment
42,600

1900 Building
24,000

1950 Accumulated Depreciation, Building
12,000

General Ledger page 2 (Liabilities)

2100
Accounts Payable
3,800

2150
Credit Card Payable
7,250

2200
Salaries Payable
0

2250
Utilities Payable
0

2300
Telephone Bill Payable
0

2350
Equipment Rental Payable
0

2400
Income Tax Payable
750

2500
Unearned Revenue -
Contracts
1,500

2530
Unearned Revenue –
Customer Deposits
800

2560
Unearned Revenue –
Gift Certificates
1,000

2600
Vehicle Loan Payable
12,200

2700
Notes Payable
6,000

2800
Mortgage Payable
22,500

General Ledger page 3 (Equity and Revenues)

3500 R. Stone, Capital
125,000

3550 R. Stone, Drawing
32,150

4000 Painting Revenue
337,000

4100 Late Fee Revenue
1,500

4200 Interest Income
600

General Ledger page 4 (Expenses)

5000 Advertising Expense
24,750

5050 Bad Debt Expense
1,900

5100 Bank Service Charges
1,350

5150 Cleaning Expense
1,150

5200 Depreciation Expense - Building
1,100

5250 Depreciation Expense - Equipment
6,600

5300 Depreciation Expense - Vehicle
3,300

5350 Income Tax Expense
32,500

5400 Insurance Expense
5,500

5450 Interest Expense
1,250

5500 Rent Expense - Equipment
6,600

5550 Rent Expense - Office Space
22,000

5600 Salaries Expense
168,000

5640 Supplies Expense
2,000

5650 Telephone Expense
2,200

5700 Utilities Expense
24,600



Adjusted Trial Balance for RS Painting Company

G/L Account #		DR	CR
1100	Cash		
1200	Accounts Receivable		
1250	Allowance for Uncollectible Accounts		
1260	Interest Receivable		
1350	Supplies		
1400	Prepaid Advertising		
1420	Prepaid Cleaning		
1430	Prepaid Insurance		
1440	Prepaid Rent		
1500	Notes Receivable		
1600	Vehicle		
1650	Accumulated Depreciation – Vehicle		
1800	Equipment		
1850	Accumulated Depreciation – Equipment		
1900	Building		
1950	Accumulated Depreciation – Building		
2100	Accounts Payable		
2150	Credit Card Payable		
2200	Salaries Payable		
2250	Utilities Payable		
2300	Telephone Bill Payable		
2350	Equipment Rental Payable		
2400	Income Tax Payable		
2500	Unearned Revenue – Contracts		
2530	Unearned Revenue – Customer Deposits		
2560	Unearned Revenue – Gift Certificates		
2600	Vehicle Loan Payable		
2700	Notes Payable		
2800	Mortgage Payable		
3500	R. Stone, Capital		
3550	R. Stone, Drawing		
4000	Painting Revenue		
4100	Late Fee Revenue		
4200	Interest Income		
5000	Advertising Expense		
5050	Bad Debt Expense		
5100	Bank Service Charges		
5150	Cleaning Expense		
5200	Depreciation Expense – Building		
5250	Depreciation Expense – Equipment		
5300	Depreciation Expense – Vehicle		
5350	Income Tax Expense		
5400	Insurance Expense		
5450	Interest Expense		
5500	Rent Expense – Equipment		
5550	Rent Expense – Office Space		
5600	Salaries Expense		
5640	Supplies Expense		
5650	Telephone Expense		
5700	Utilities Expense		
	Total Debits/Credits		

