

(INX) LEDGER MANIA STUDENT INSTRUCTIONS

Ledger Mania is an interactive classroom activity used to demonstrate the accounting cycle of a sole proprietorship or corporation. Students will physically record transactions, post them to the general ledger, pay or receive cash, and reconcile the cash on hand to the general ledger

Game Objective

The first team to:

- Record all of the transactions in the general journal
- Post all of the transactions to the general ledger
- Produce a trial balance which balances total debits = total credits, and
- Reconcile the physical amount of cash on hand to the general ledger wins the game.

Game Setup

Students are broken into teams of 1-3 players, with 2-5 teams assigned to each board. One student per board is chosen as the banker. At the beginning of the game the banker will give \$1,500 cash to each team consisting of:

1 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 either a service firm or a merchandising firm. 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
- 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 General Ledger accounts may be needed as a result of certain transactions which are not included on the beginning Trial Balance. Teams may need to add accounts to the correct category in the General Ledger as the result of such transactions
- 5. Post the transaction to subsidiary ledgers, if necessary, for the merchandising version of the game

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 trial balance and to reconcile the physical cash on hand to the general ledger wins the game. Your instructor may require additional forms or reconciliations for the version of the game being played.



(BTB1) Beginning Trial Balance for a Sole Proprietorship

	RS Compa	any	
	Trial Balance as of	December 1	
G/L Account			
Number		DR	CR
1100	Cash	1,500	
1200	Marketable Securities	77,500	
1300	Accounts Receivable	10,000	
1400	Inventory *	9,500	
1500	Supplies	3,000	
1800	Equipment (net)	11,500	
2100	Accounts Payable		7,000
2700	Notes Payable		9,500
3000	R. Stone, Capital		85,000
3600	R. Stone, Drawing	5,000	
4000	Sales		44,000
5000	Cost of Goods Sold *	4,000	
6100	Rent Expense	6,000	
6200	Utilities Expense	4,000	
6300	Interest Expense	1,500	
6400	Salary Expense	11,000	
6850	Miscellaneous Expense	1,000	
	Total Debits/Credits	145,500	145,500

^{*} Note that these accounts are included in the trial balance, but they are not used in any transactions in the service company version of the game. Students must include these accounts in the ending trial balance in order to balance.



(BTB2) Beginning Trial Balance for a Corporation

	RS Corpora	tion	
	Trial Balance as of I		
G/L Account			
Number		DR	CR
1100	Cash	1,500	
1200	Marketable Securities	77,500	
1300	Accounts Receivable	10,000	
1400	Inventory *	9,500	
1500	Supplies	3,000	
1800	Equipment (net)	11,500	
2100	Accounts Payable		7,000
2700	Notes Payable		9,500
3000	Common Stock, par \$1		25,000
3100	Additional Paid in Capital		30,000
3500	Retained Earnings		25,000
4000	Sales		44,000
5000	Cost of Goods Sold *	4,000	
6100	Rent Expense	6,000	
6200	Utilities Expense	4,000	
6300	Interest Expense	1,500	
6400	Salary Expense	11,000	
6850	Miscellaneous Expense	1,000	
	Total Debits/Credits	140,500	140,500

^{*} Note that these accounts are included in the trial balance, but they are not used in any transactions in the service company version of the game. Students must include these accounts in the ending trial balance in order to balance.



(TSF) Transactions for a Service firm

- O-1 Purchased supplies on account for \$215
- O-2 Paid cash for supplies \$150
- O-3 Performed services for cash \$450
- O-4 Paid salary expense \$200 cash
- O-5 Received \$300 on account from credit customers
- O-6 Performed services on account \$330
- O-7 Paid utilities expense \$310 cash
- O-8 Paid rent for the month \$500 cash
- O-9 Purchased supplies on account \$165
- O-10 Paid \$150 cash on account to vendors
- O-11 Received \$200 cash from the bank as interest earned on deposit
- O-12 Paid interest to the bank \$120 cash
- O-13 Received utilities bill, \$175 to be paid next month
- O-14 Performed services on account \$400
- O-15 Received \$250 cash on account from credit customers
- O-16 Paid \$125 cash on account to vendors
- O-17 Purchased supplies for \$90 cash
- O-18 Performed services for cash \$250
- O-19 Paid insurance premium for the next 12 months \$400 cash
- O-20 Performed services for cash \$500
- O-21 Paid salary expense \$250 cash
- O-22 Paid cash for supplies \$130
- O-23 Paid \$75 cash on account
- O-24 Received \$200 cash on account from credit customers
- I-1 Purchased equipment with a note payable \$800
- I-2 Purchased furniture and fixtures for cash \$200
- I-3 Sold equipment for cash \$300. The book value of the equipment was \$200
- I-4 Purchased bonds as an investment for cash \$250

USE THE SET OF FINANCING TRANSACTIONS BELOW THAT MATCH THE BUSINESS TYPE THAT YOU ARE USING FOR THE GAME

Financing transactions for a corporation

- F-1 Issued 200 shares of Common Stock for \$3 per share, \$600 total cash received
- F-2 Purchased 50 shares of Treasury Stock for \$2.50 per share cash
- F-3 Paid cash dividends of \$400

Financing transactions for a sole proprietorship

- F-1 Owner invests \$600 cash in the business
- F-2 Owner invests \$300 cash in the business
- F-3 Owner withdraws \$200 cash for personal use



(TMF) Transactions for a Merchandising Firm

- O-1 Purchased inventory on account from Richards, 15 units at \$23 per unit
- O-2 Purchased supplies on account from Office Max \$400
- O-3 Sold 10 units for cash at \$35 per unit. The cost of goods sold is \$20 per unit
- O-4 Paid salary expense \$150 cash
- O-5 Received \$300 cash from McCartney on account
- O-6 Sold 8 units on account to Lennon for \$37.50 per unit. The cost of goods sold is \$20 per unit
- O-7 Purchased inventory for cash, 12 units at \$25 per unit
- O-8 Purchased supplies for cash \$100
- O-9 Paid rent for the month \$500 cash
- O-10 Paid Office Max \$125 on account
- O-11 Purchased inventory on account from Watts, 10 units at \$26 per unit
- O-12 Paid interest to the bank \$60 cash
- O-13 Received \$350 cash from Starr on account
- O-14 Sold 5 units for cash at \$38 cash per unit. The cost of goods sold is \$20 per unit.
- O-15 Paid Taylor \$200 cash on account
- O-16 Received \$150 cash from Harrison on account
- O-17 Purchased supplies for cash for \$225
- O-18 Sold 8 units on account to Harrison for \$40 per unit. The cost of goods sold is \$20 per unit.
- O-19 Purchased inventory on account from Taylor, 5 units at \$27 per unit
- O-20 Paid utilities expense \$225 cash
- O-21 Received \$175 cash from McCartney on account
- O-22 Paid bank fees \$25 cash
- O-23 Paid insurance premium for the next 12 months \$400 cash
- O-24 Received interest of \$200 cash from bonds held as an investment
- I-1 Purchased equipment with a note payable \$800
- I-2 Purchased furniture and fixtures for cash \$200
- I-3 Sold equipment for cash \$300. The book value of the equipment was \$200
- I-4 Purchased bonds as an investment for cash \$250

USE THE SET OF FINANCING TRANSACTIONS BELOW THAT MATCH THE BUSINESS TYPE THAT YOU ARE USING FOR THE GAME

Financing transactions for a corporation

- F-1 Issued 200 shares of Common Stock for \$3 per share, \$600 total cash received
- F-2 Purchased 50 shares of Treasury Stock for \$2.50 per share cash
- F-3 Declared and paid cash dividends of \$400

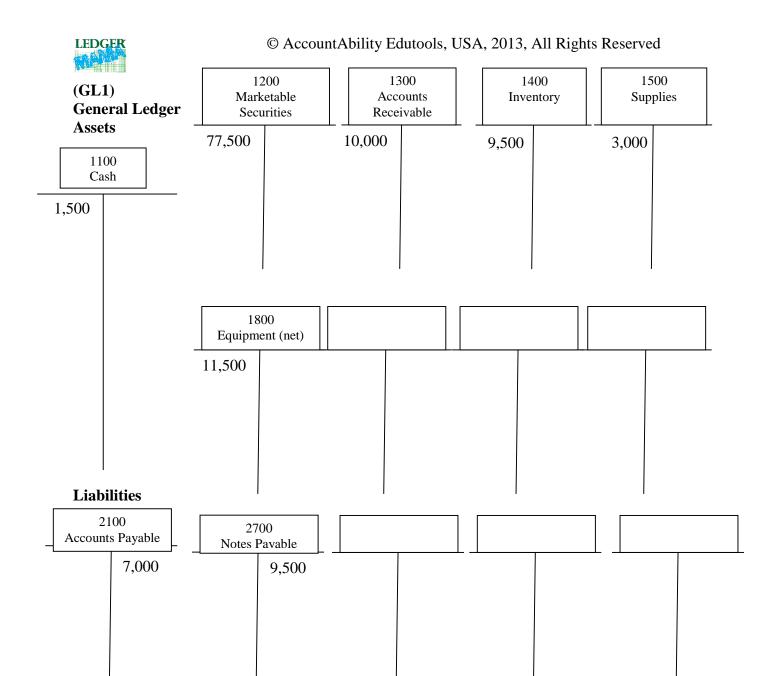
Financing transactions for a sole proprietorship

- F-1 Owner invests \$600 cash in the business
- F-2 Owner invests \$300 cash in the business
- F-3 Owner withdraws \$200 cash for personal use



(GJ) General Journal

Transaction		Post		
	Accounts to Debit and Credit	Ref	Debit	Credit
				+
		-		
				_





(GL2) General Ledger page 2

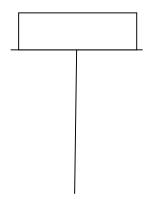
Use either the equity accounts for a sole proprietorship or the equity accounts for a corporation

Equity Accounts for a Sole Proprietorship – use these equity accounts if you are playing the sole proprietorship version of the game

piayii	ng me son	e brob	1 16101 211	ih sergion	OI U	le gaine			
	000 e, Capital			500 , Drawing	_				
	85,000		5,000		_				•

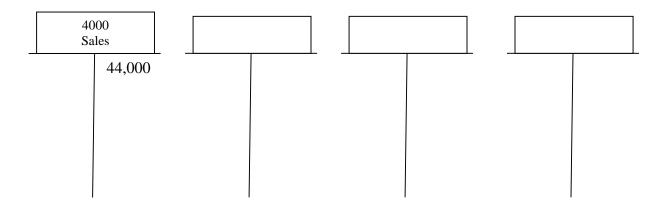
Equity Accounts for a Corporation – use these equity accounts if you are playing the corporate version of the game

			0					
_	l	000 on Stock		00 Capital		500 l Earnings		
		25,000		30,000		25,000		

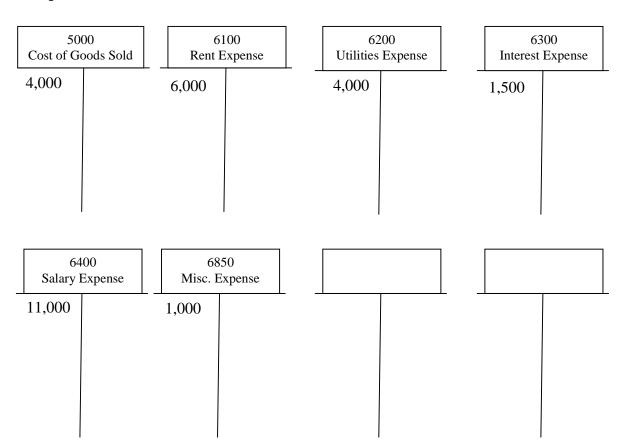




(GL3) General Ledger page 3 Revenues



Expenses





(CRJ & CPJ)) Cash Receipts Journal

		Cash		Accounts	Interest	Other	Other
Transaction	Description	Amount	Sales	Receivable	Income	Amount	Account

Cash Payments Journal

Transaction	Description	Cash Amount	Accounts Payable	Supplies	Expense Amount	Expense Account	Other Amount	Other Account
Transaction	Description	Amount	rayabic	Зиррпез	Amount	Account	Aillouit	Account



(SJ & PJ) Sales Journal

		Accounts Receivable		Other	Other
Transaction	Description	Amount	Sales	Amount	Account

Purchases Journal

Transaction	Description	Accounts Payable Amount	Inventory	Supplies	Other Amount	Other Account
	Description	Amount	ve.itei y	Jappiics	Amount	Account



(A/R Sub) Accounts Receivable Subsidiary Ledger

Account: Lennon						
Transaction	DR	CR	Bal			
Beg Bal			3,000			

Account: Starr							
Transaction	DR	CR	Bal				
Beg Bal			2,000				

Accounts Receivable Subsidiary Ledger

Account: McCartney						
Transaction	DR	CR	Bal			
Beg Bal			4,000			

	Account: I	Harrison	
Transaction	DR	CR	Bal
Beg Bal			1,000



(A/P Sub) Accounts Payable Subsidiary Ledger

Account: Richards									
	DR	CR	Bal						
Beg Bal			2,000						

	Account	:: Watts	
	DR	CR	Bal
Beg Bal			1,500

Accounts Payable Subsidiary Ledger

	Account: Taylor							
	DR	CR	Bal					
Beg Bal			2,500					

	Account:	Office Max	
	DR	CR	Bal
Beg Bal			1,000



(Inv Sub) Inventory Subsidiary Ledger

Transaction		Purchases			Sales			Balance	
	Units	Unit Cost	Total	Units	Unit Cost	Total	Units	Unit Cost	Total
Beginning							475	20	9,500



(TB) Trial Balance

Account	Debit	Credit
		+



(WS) Worksheets for use with a service firm (in place of the general journal and general ledger)

Trans - action	Cash	Marketable Securities	Accounts Receivable	Inventory	Supplies	Equipment	Accounts = Payable	Notes Payable	R. Stone, Capital	R. Stone, Drawing	Sales	Cost of Goods Sold		Utilities Expense	Interest Expense	Salary Expense	Misc Expense	
Beginning	1,500	77,500	10,000	9,500	3,000	11,500	7,000	9,500	85,000	-5,000	44,000	-4,000	-6,000	-4,000	-1,500	-11,000	-1,000	