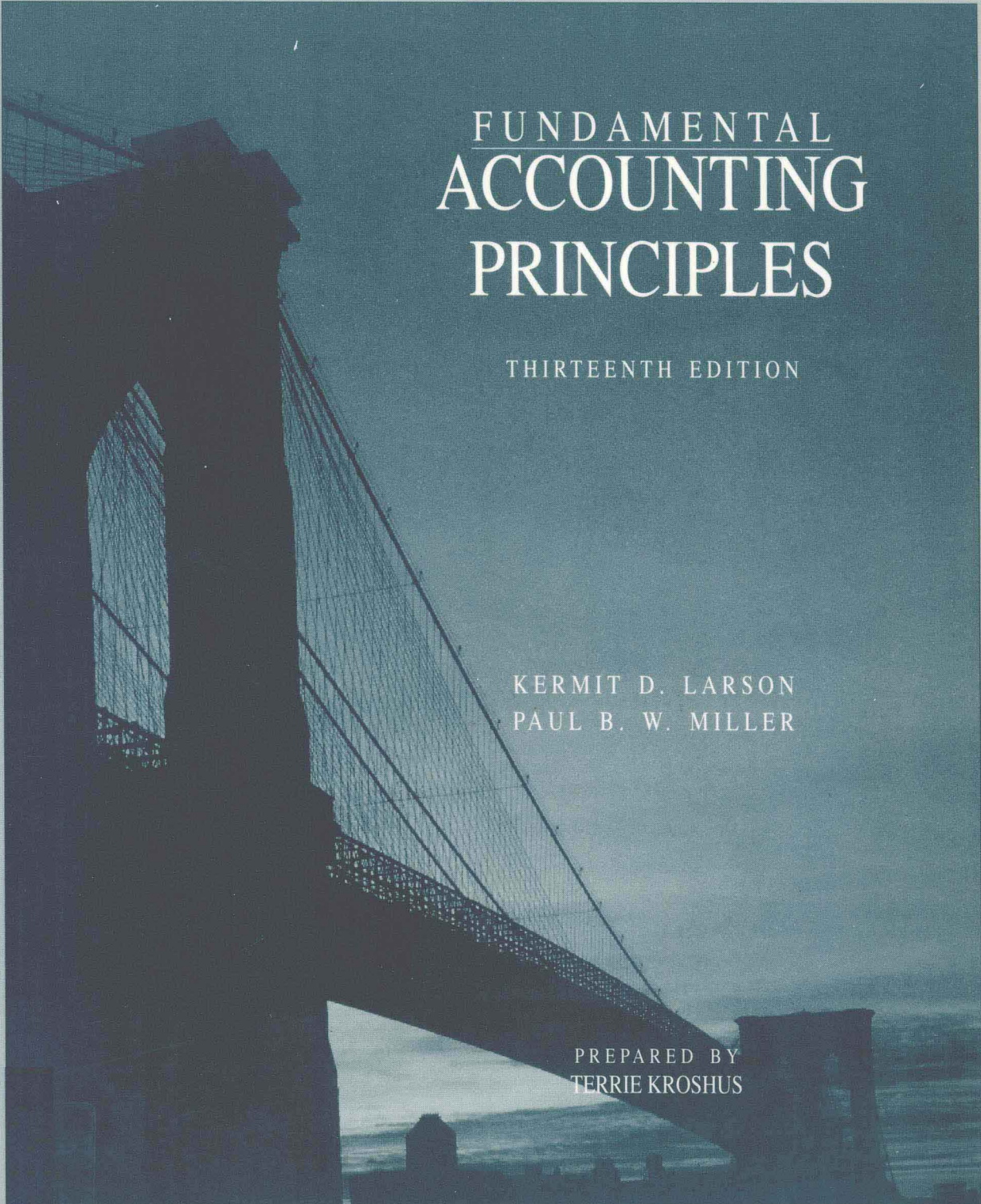


PRACTICE SET
BARNES BLUFF CAMPING EQUIPMENT COMPANY
FOR USE WITH



FUNDAMENTAL
ACCOUNTING
PRINCIPLES

THIRTEENTH EDITION

KERMIT D. LARSON
PAUL B. W. MILLER

PREPARED BY
TERRIE KROSHUS

PRACTICE SET
BARNS BLUFF
CAMPING EQUIPMENT COMPANY
for use with

FUNDAMENTAL
ACCOUNTING
PRINCIPLES

Thirteenth Edition

Kermit D. Larson
Paul B. W. Miller

Prepared by
Terrie Kroshus
Inver Hills Community College

IRWIN
Homewood, IL 60430
Boston, MA 02116

©Richard D. Irwin, Inc., 1993

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publisher.

Printed in the United States of America.

ISBN 0-256-11469-2

1 2 3 4 5 6 7 8 9 0 VK 9 8 7 6 5 4 3 2

BARNS BLUFF CAMPING EQUIPMENT COMPANY

A Business Papers Practice Set with Special Journals

This practice set may be used any time after Chapters 1-7 of the text have been covered. This practice set shows how certain special journals can be used for a merchandising and service company. Specific guidance is provided on how to do this. The transactions and accounting records used in this practice set involve you, the student, in all phases of the accounting cycle, from journalizing transactions to closing the books. In this practice set, you are in the role of the bookkeeper. It involves the use of business papers rather than a listing of the transactions to give you a feeling for keeping the actual set of books. This practice set is structured around a manual system to permit your maximum participation. Details have been kept to a minimum by summarizing certain repetitious transactions into totals covering a number of days or the entire month. The estimated completion time is twelve to sixteen hours.

Introduction

The Barns Bluff Company sells and rents camping equipment in Denver, Colorado. It is a sole proprietorship and is owned and operated by Samuel Stephens. The company sells camping equipment and outdoor clothing. The company also rents large tents and groups of assorted camping equipment (e.g., Types A, B, and C) to trail guides for camping trips. The terms of all sales and all rentals are "net 30." The company delivers the equipment to many of its customers. Others pick it up at the store. Mr. Stephens makes all deposits. He removes the cash from the cash register and lists all checks received on a deposit slip. He then gives the duplicate deposit slip to you for recording. The company's ledgers and journals include:

Journals

Sales Journal
 Purchases Journal
 Cash Receipts Journal
 Cash Disbursements Journal
 General Journal

Ledgers

General Ledger
 Accounts Receivable Subsidiary Ledger
 Accounts Payable Subsidiary Ledger

The accounting files include:

Name of File

Sales and Rental Invoices

 Purchase Invoices
 Interoffice Memoranda
 Checks to be Signed
 Duplicate Deposit Slips

Business Papers to be Filed

Bookkeeper's copy of sales invoices
 Bookkeeper's copy of rental invoices
 Purchase invoices and credit memoranda
 Interoffice memoranda received from Mr. Stephens
 Checks prepared for Mr. Stephens' signature
 Bookkeeper's copy of deposit slips

The post-closing trial balance of the Barns Bluff Company, as of May 31, was as follows:

Cash	\$22,050	
Accounts Receivable	8,620	
Allowance for Doubtful Accounts		\$ 300
Interest Receivable	65	
Notes Receivable—Cobb Corp. (6 month, 7 percent, due August 21)	3,300	
Merchandise Inventory	181,900	
Office Supplies	630	
Store Supplies	540	
Prepaid Insurance	600	
Office Equipment	16,000	
Accumulated Depreciation—Office Equipment		4,000
Store Equipment	71,000	
Accumulated Depreciation—Store Equipment		23,000
Camping Rental Equipment	150,800	
Accumulated Depreciation—Camping Rental Equipment		66,540
Building	300,000	
Accumulated Depreciation—Building		90,000
Accounts Payable		17,269
Mortgage Note Payable—10%		150,000
Samuel Stephens, Capital		404,396
	\$755,505	\$755,505

Accounts Receivable Subsidiary Ledger

P. Davis	\$ 1,710
K. Gragg	1,185
H. Holmes	3,000
S. Peebles	1,435
A. Smith	600
J. Still	690
	<u>\$ 8,620</u>

Accounts Payable Subsidiary Ledger

Brooks Brothers	\$ 0
Dex Co.	1,875
Dixon Co.	3,975
Fulton, Inc.	0
Robinson Co.	3,600
Samson Dist.	600
Technical Corp.	4,369
Zappo Corp.	2,850
	<u>\$17,269</u>

Instructions

1. Examine the business papers that follow. They consist of sales invoices, rental invoices, purchase invoices, duplicate deposit slips, a credit memorandum, and interoffice memoranda. They appear in the order in which they come to the bookkeeper's attention. The actions you as bookkeeper should take regarding these are:
 - a. Sales Invoices—Enter the information in the Sales Journal. Post to the Subsidiary Accounts Receivable Ledger. Then file the invoice in the Sales and Rental Invoices file.
 - b. Rental Invoices—Enter the information in the Sales Journal. Post to the Subsidiary Accounts Receivable Ledger. Then file the invoice in the Sales and Rental Invoices file.
 - c. Purchase Invoices—Enter the information in the Purchases Journal on the date the invoice is received for each purchase of merchandise inventory. Post to the Subsidiary Accounts Payable Ledger. Then file the invoice in the Purchase Invoices file. Mr. Stephens will tell you when to make payment on these invoices by sending you an interoffice memorandum.
 - d. Credit Memorandum—Enter the information in the General Journal. Then file the memorandum with the related purchase invoice in the Purchase Invoices file.
 - e. Duplicate Deposit Slips—You should write the amount of the deposit in the checkbook provided. Then you should record the information in the Cash Receipts Journal. All cash deposited is from cash sales of camping equipment and should be recorded as a credit to Sales. The checks listed are payments on account and should be recorded as credits to Accounts Receivable and posted to the Subsidiary Accounts Receivable Ledger. After you have recorded the deposit, file the deposit slip in the Duplicate Deposit Slips file.
 - f. Interoffice Memoranda—The owner sends information to you, the bookkeeper, instructing you to do certain things such as prepare checks for his signature, establish a new account, and reclassify a previously recorded purchase. After you have taken the appropriate action, file the memorandum in the Interoffice Memorandum file. When Mr. Stephens asks you to prepare checks for his signature, the actions you should take are as follows:

Checks to be prepared—You should write the check in the checkbook provided. Then you should record the information in the Cash Disbursements Journal and file the check in the "Attention Samuel Stephens" file. You are not authorized to sign checks and should not do so.

2. Remember to post daily the following:

- a. All transactions you record in the General Journal.
- b. Amounts from the Accounts Receivable debit column in the Sales Journal to each individual customer's account in the Subsidiary Accounts Receivable Ledger.
- c. Amounts from the Accounts Payable credit column in the Purchases Journal to each individual creditor's account in the Subsidiary Accounts Payable Ledger.
- d. Amounts from the Accounts Receivable credit column in the Cash Receipts Journal to each individual customer's account in the Subsidiary Accounts Receivable Ledger.
- e. Amounts from the Accounts Payable debit column in the Cash Disbursements Journal to each individual creditor's account in the Subsidiary Accounts Payable Ledger.

Instructions for work to be performed at the end of the accounting period (of one month) appear below:

3. At the end of the month you should:

- a. Foot the special journals and post to the General Ledger.
- b. Prepare schedules for Accounts Receivable and Accounts Payable as of June 30, from the subsidiary ledgers and compare these totals to the control account balances in the General Ledger.
- c. Compare the balance shown in the checkbook with the Cash account balance.
- d. Prepare a Bank Reconciliation as of June 30, 19XX.
- e. Prepare the trial balance in the Trial Balance columns of the work sheet provided.
- f. Complete the work sheet after making the following adjusting entries:
 - 1) Prepare the necessary journal entries to adjust the Cash account (based on the bank reconciliation).
 - 2) Accrue the interest on the Cobb note for June.
 - 3) Record one month's depreciation on the following assets: building, \$1,250; store equipment, \$1,087.50; office equipment, \$3,200; and camping rental equipment, \$2,581.40.
 - 4) Adjust for possible uncollectible accounts assuming the estimated expense is .5 percent of net credit sales and rentals.
 - 5) Record the expiration of \$225 of prepaid insurance.
 - 6) Make entries based on the fact that supplies on hand at the end of the month are as follows:
 - a) store supplies, \$450
 - b) office supplies, \$825.
 - 7) Accrue salaries of \$450 for the bookkeeper's salary (3 working days x \$150 per day).
 - 8) Accrue interest payable on the mortgage for one month.
 - 9) Merchandise inventory on June 30, 19XX, was \$180,850.
- g. Prepare a classified income statement, a statement of owner's equity, and a classified balance sheet.
- h. Prepare and post adjusting and closing entries.
- i. Prepare a post-closing trial balance.

You should now take appropriate action based on the business papers that follow the Chart of General Ledger Accounts.

Colorado Bank

Member F.D.I.C.

Barns Bluff Camping Equipment Co.
Industrial Boulevard
Denver, Colorado 77787

June 3 , 19 XX

Coin		
Currency		
Checks K. Gragg	1,185	00
Total	1,185	00

000156|| 1334567840| 09787

Inter-Office Memo

	FROM Samuel Stephens	DATE June 3, 19XX
TO Bookkeeper	SUBJECT Petty Cash Fund	

Establish a petty cash fund in the amount of \$100.00 and issue the check to me.

Inter-Office Memo

	FROM Samuel Stephens	DATE June 4, 19XX
TO Bookkeeper	SUBJECT Cash Disbursements	

Please prepare check to Zappo for \$2,025.00 for partial payment on account.

Invoice # 47183

Purchase Invoice
ZAPPO!
Corporation
577 Snow Street
Valleybrook, Montana 81111

Business Paper No. 4

Date June 2 19XX

Sold to:
Barns Bluff Camping Equipment Company
Industrial Blvd.
Denver, Colorado 77787

Ship to
Same

Customer Ord. No.	Our Order No.	Date Shipped	Shipped Via	Terms	Salesperson
6-1		6/2/XX	Brown Trucking	2/10, n/60	
Quantity		Description	Unit Price	Amount	
ordered	shipped				
15	15	#37 Tents	255'00	3,825'00	
25	25	#A-3 Sleeping Bags	70'50	1,762'50	
15	15	#919 Canteens w/cover	18'00	270'00	
			Total	5,857'50	

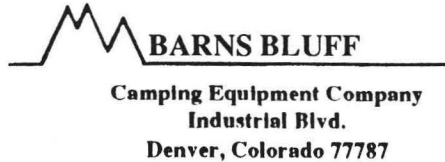
RECEIVED
June 5

Customer's Copy

Invoice # R142-17

Rental Invoice

Business Paper No. 5



Date June 5 19XX

Rented to:
Mr. A. Smith
1073 Broad Road
Rocky Springs, Colorado 76660

Ship to
Same

Length of Rental 1 day(s)
week(s)

Customer Ord. No.	Our Order No.	Date Delivered	Delivered Via	Terms	Salesperson
127-99		June 7	Our Truck	n/30	
Quantity		Description	Unit Price	Amount	
ordered	shipped				
4	4	Large tents	133'50	534'00	
15	15	Type A group of camping equipment	58'50	877'50	
			Total	1,411'50	

Bookkeeper's Copy

Invoice # R142-18

Rental Invoice

Business Paper No. 6



Camping Equipment Company
Industrial Blvd.
Denver, Colorado 77787

Date June 5 19xx

Rented to:

Ms. J. Still
2231 After Place
St. James, Colorado 75127

Ship to

Length of Rental 1 day(s)
week(s)

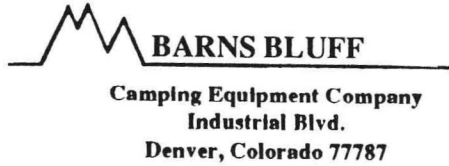
Customer Ord. No. A-72	Our Order No.	Date Delivered June 5	Delivered Via Customer picked up	Terms n/30	Salesperson
Quantity ordered shipped		Description		Unit Price	Amount
10	10	Type B group of camping equipment		240'00	2,400'00
				Total	2,400'00

Bookkeeper's Copy

Invoice # S323-02

Sales Invoice

Business Paper No. 7



Date June 5 19XX

Sold to:
Ms. J. Still
2231 After Place
St. James, Colorado 75127

Ship to

Customer Ord. No.	Our Order No.	Date Delivered	Delivered Via	Terms	Salesperson
A-12		June 5	Customer picked up	n/30	
Quantity		Description	Unit Price	Amount	
ordered	shipped				
15	15	Sleeping Bags	141'00	2,115'00	
Total					2,115'50

Bookkeeper's Copy

From

Purchase Invoice

Business Paper No. 8

**Samson
Distributors**

Invoice # 842

1938 Danck Street
Castletown, Nevada 95177

Date June 4 19XX


Sold to

Barnes Bluff Camping Equipment Company
Industrial Blvd.
Denver, Colorado 77787

Customer Order No. 6-2
Shipped Via Eastland Trucking
Date Shipped 6/4/19XX
Terms 2/10, n/60

Quantity		Description	Unit Price	Amount	
ordered	shipped				
1	1	Large Tent V-135	718'50	718'50	
RECEIVED June 8					
Total					718'50

Customer Order No. 6-7
 Date Shipped 7/6/XX
 Shipped Via Our Truck
 Terms 2/20, n/60

Purchase Invoice
 **Brooks Brothers**
 P.O. Box 2970
 St. James, Colorado 75127

Business Paper No. 9
 Invoice # 0047983

Date June 7 19XX

Sold to
 Barns Bluff Camping Equipment Co.
 Industrial Blvd.
 Denver, Colorado 77787


Quantity		Description	Unit Price	Amount
ordered	shipped			
12	12	DOWN JACKETS #1378 S/3 M/5 L/4, asst. colors	142.50	1,710.00
6	6	RAIN PONCHOS #435 - one size fits all	36.75	220.50
8	8	HIKING BOOTS #171-M $\frac{9}{1}$ $\frac{9}{1}$ $\frac{1}{2}$ $\frac{10}{2}$ $\frac{10}{2}$ $\frac{1}{2}$ $\frac{11}{1}$ $\frac{11}{1}$ $\frac{1}{2}$	68.25	546.00
Total				2,476.50

RECEIVED
 June 8

Invoice # S323-03

Sales Invoice

Business Paper No. 10

 **BARNS BLUFF**
 Camping Equipment Company
 Industrial Blvd.
 Denver, Colorado 77787

Date June 9 19XX

Sold to:
 Mr. S. Peeples
 46 Cady Road
 St James, Colorado 75127

Ship to

Customer Ord. No.	Our Order No.	Date Delivered	Delivered Via	Terms	Salesperson
39		June 9	Customer picked up	n/30	
Quantity		Description	Unit Price	Amount	
ordered	shipped				
5	3	Down Jackets	285.00	855.00	
2	2	Tents	510.00	1,020.00	
2	2	Hammocks	90.00	180.00	
Total				2,055.00	

Inter-Office Memo

	FROM Samuel Stephens	DATE June 9, 19XX
TO Bookkeeper	SUBJECT Reclassification	

Please transfer the large tent purchased from Samson Distributors from the Purchases account to the Camping Rental Equipment account. This tent will be used for rental purposes not resale.

Colorado Bank

Member F.D.I.C.

Barns Bluff Camping Equipment Co.
Industrial Boulevard
Denver, Colorado 77787

June 9, 19 XX

Coin		1	60
Currency		2,960	00
Checks	H. Holmes	3,000	00
Total		5,961	60

Inter-Office Memo

Inter-Office Memo	FROM	DATE
	Samuel Stephens	June 9, 19XX
TO	SUBJECT	
Bookkeeper	Cash Disbursements	

Please prepare check to Zappo Corporation for payment of the following invoices:

Invoice No. 46504 4/30 \$ 825.00

Invoice No. 47183 6/2 \$5,857.50

Invoice # S323-04

Sales Invoice

Business Paper No. 14



BARN'S BLUFF

Camping Equipment Company
Industrial Blvd.
Denver, Colorado 77787

Date June 10 19XX

Sold to:

Mr. P. Davis
22 Evers Avenue
St. James, Colorado 75127

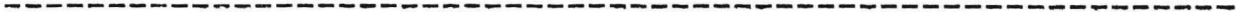
Ship to

Customer Ord. No.	Our Order No.	Date Delivered	Delivered Via	Terms	Salesperson
V-707		June 10	Customer picked up	n/30	
Quantity		Description	Unit Price	Amount	
ordered	shipped				
12	12	Hiking Boots	136'50		1,638'00
12	12	Rain Ponchos	73'50		882'00
Total					2,520'00

Inter-Office Memo

Inter-Office Memo	FROM	DATE
	Samuel Stephens	June 11, 19XX
TO	SUBJECT	
Bookkeeper	Cash Disbursements	

Please prepare check to Dex Corporation for payment in full of account balance.



Colorado Bank

Member F.D.I.C.

Barns Bluff Camping Equipment Co.
 Industrial Boulevard
 Denver, Colorado 77787

June 12, 19 XX

Coin			
Currency			
Checks	A. Smith	600	00
	P. Davis	1,710	00
Total		2,310	00

Inter-Office Memo

	FROM Samuel Stephens	DATE June 12, 19XX
TO Bookkeeper	SUBJECT Cash Disbursements	

Please prepare check for yourself for salary of \$1,500.00

Invoice # R142-19

Rental Invoice

Business Paper No. 18



BARN'S BLUFF

Camping Equipment Company
Industrial Blvd.
Denver, Colorado 77787

Date June 13 19XX

Rented to:

Ms. K. Gragg
P. O. Box 27
Reed City, Colorado 75166

Ship to

Length of Rental 1 day(s)
1 week(s)

Customer Ord. No.	Our Order No.	Date Delivered	Delivered Via	Terms	Salesperson
100		June 13	Customer picked up	n/30	
Quantity ordered	Quantity shipped	Description		Unit Price	Amount
10	10	Type B group of camping equipment		240'00	2,400'00
Total					2,400'00