

## Will the cost of the new Forbidden Frontier attraction at Cedar Point reduce income in 2018?

Management of [Cedar Point](#), the amusement park in Sandusky, Ohio, recently [announced](#) that it would be closing the Dinosaurs Alive and Witches' Wheel to make room for a new attraction called "Forbidden Frontier on Adventure Island." This paragraph is what Cedar Point management [released](#) about this upcoming new attraction:

"Grab your map and prepare for a minute-by-minute real-life adventure, where you and others are challenged, questioned and pushed to the limits in both brain and brute power. Be immersed in interactive encounters with the island inhabitants, push yourself with physically active challenges that test your resourcefulness and fortitude! It's your job to discover and uncover all that you can; to solve the mystery surrounding the Forbidden Frontier, and return to tell the tale. Every ending is different and determined by you and the secrets you unlock!"

Forbidden Frontier is scheduled to open in 2019. Dinosaurs Alive and Witches' Wheel closed permanently in September 2018.

### Questions

1. You are the vice president of rides and attractions at Cedar Point. Assume that Forbidden Frontier will cost \$5 million to construct in late 2018 and that the attraction will open in 2019. Will your 2018 division income contain an expense of \$5 million for the construction of Forbidden Frontier? Explain.
2. As part of management for Cedar Point, why is it important to understand expense recognition principles?
3. What general ledger account will the initial cost of the Forbidden Frontier attraction be posted to?
4. What financial statement does that general ledger account in #3 appear on?