

Question #1

General Journal

Date	Account Names/Explanations	Ref.	Debits	Credits
<u>2019</u>				
Mar. 21	Accounts Receivable - Logan Company Sales Revenue		15,000	15,000
Apr. 20	Notes Receivable - Logan Company Accounts Receivable - Logan Company (12%, 60-Day Note)		15,000	15,000
Jun. 19	Accounts Receivable - Logan Company Notes Receivable - Logan Company Interest Revenue		15,300	15,000 300
Jul. 29	Cash Accounts Receivable - Logan Company Interest Revenue		15,470	15,300 170
Nov. 1	Notes Receivable - Kellogg Company Sales Revenue (10%, 90-Day Note)		12,000	12,000
Dec. 31	Interest Receivable - Kellogg Company Interest Revenue		200	200
<u>2020</u>				
Jan. 30	Cash Notes Receivable - Kellogg Company Interest Receivable - Kellogg Company Interest Revenue (\$12,000 * .10 * 30/360)		12,300	12,000 200 100

Meister Company sells construction equipment. The company engaged in the following transactions involving its receivable in 2019 and 2020.

2019

Mar. 21 Sold equipment to Logan Company on account for \$15,000, terms 2/10, n/30.

Apr. 20 Accepted a \$15,000, 60-day, 12% promissory note from Logan Company in settlement of their past due account.

Jun. 19 When asked to pay, Logan Company **dishonored** the note.

$$I = P * R * T = \$15,000 * .12 * \frac{30}{360} = \$300$$

$$\text{Maturity Value} = P + I = \$15,000 + \$300 = \$15,300$$

Jul. 29 Received payment in full from Logan Co., including interest at 10% for the 40 days beyond the maturity date.

$$I = P * R * T = \$15,300 * .10 * \frac{40}{360} = \$170$$

$$\text{Maturity Value} = P + I = \$15,300 + \$170 = \$15,470$$

Nov. 1 Received a \$12,000, 90-day, 10% note for the sale of equipment to Kellogg Co.

Dec. 31 Prepare the adjusting entry for the accrued interest on the Kellogg note.

$$I = P * R * T = \$12,000 * .10 * \frac{29}{360} = \$200$$

of Days remaining in November (30 - 1)

29

of Days in December

31

Total Days

60 Days

2020

Jan. 30 Collect the Kellogg note.

$$I = P * R * T = \$12,000 * .10 * \frac{90}{360} = \$300$$

$$\text{Maturity Value} = \text{Principal} + \text{Total Interest} = \$12,000 + \$300 =$$

\$ 300

\$ 12,300

Question #2

General Journal

Date	Account Names/Explanations	Ref.	Debits	Credits
2020				
Feb.	1 Accounts Receivable Sales Revenue		200,000	200,000
	1 Cash Accounts Receivable		50,000	50,000
	1 Allowance for Doubtful Accounts Accounts Receivable - Jerry Company		4,900	4,900
Feb.	28 Bad Debts Expense Allowance for Doubtful Accounts (\$18,400 - \$14,600 = \$3,800) <u>Calculation:</u> Accounts Receivable Less: Allowance for Doubtful Accounts Net Accounts Receivable		3,800	3,800
May	1 Accounts Receivable - Jerry Company Allowance for Doubtful Accounts		3,800	3,800
	1 Cash Accounts Receivable - Jerry Company		3,800	3,800

Allowance for Doubtful Accounts			
<u>4,900</u>		<u>19,500</u>	
	Bal.	14,600	Current Balance
		<u>3,800</u>	How much do you need?
		18,400	Ending Balance
Accounts Receivable			
350,000		50,000	
<u>200,000</u>		<u>4,900</u>	
<u>550,000</u>		<u>54,900</u>	
Bal.	495,100		

Question #3

General Journal

Date	Account Names/Explanations	Ref.	Debits	Credits
2020				
Aug. 1	Petty Cash Fund Cash		300	300
3	Accounts Receivable - Taylor Co. Sales Revenue (2/10, n/30)		5,600	5,600
5	Purchases (\$9,500 - \$500) Freight-In Accounts Payable - Eastern Co.		9,000 500	9,500
7	Accounts Payable - Eastern Co. Purchases Returns and Allowances		1,000	1,000
13	Cash (\$5,600 - \$112) Sales Discounts (.02 * \$5,600) Accounts Receivable - Taylor Co.		5,488 112	5,600
15	Accounts Payable - Eastern Co. (\$9,500 - \$1,000) Purchases Discounts (\$8,000 * .02) Cash		8,500	160 8,340
27	Cash Sales Revenue		6,300	6,300
30	Office Supplies Expense Postage Expense Travel Expense Freight-out Expense Cash Short and Over (\$300 - \$290) Cash		112 40 59 35 10	256
31	Petty Cash Fund Cash		75	75

Petty Cash Analysis

Cash on Hand	44
Receipts:	
Office Supplies	112
Postage	40
Travel	59
Freight-out	35
Total Cash on Hand and Receipts	290
Cash Short and Over (\$300 - \$290)	10
Back to the initial Petty Cash Fund Amount	300

Question #4 - Requirement (a)

Tejada Company					
Bank Reconciliation					
July 31, 2020					
Balance per Bank		\$ 9,296	Balance per Books		\$ 4,800
Add:			Add:		
Error made by Bank	\$ 600		Interest on Bank Account	\$ 65	
Deposit in Transit	900	1,500	Error made by us	81	
Subtotal		\$ 10,796	Collection of Principal	4,000	
Less:			Interest on the Note	200	4,346
Outstanding Checks		(2,200)	Subtotal		\$ 9,146
Adjusted Bank Balance		<u>\$ 8,596</u>	Less:		
			Bank Service Charges	\$ 50	
			NSF Check	500	(550)
			Adjusted Book Balance		<u>\$ 8,596</u>

Question #4 - Requirement (b)

General Journal

Date		Account Names/Explanations	Ref.	Debits	Credits
<u>2020</u>					
Jul.	31	Cash		4,346	
		Interest Revenue			265
		Office Supplies			81
		Notes Receivable			4,000
	31	Bank Service Charges Expense		50	
		Accounts Receivable/Martin Co.		500	
		Cash			550