

award: 10 out of 10.00 points

> Levine Company uses the perpetual inventory system and allows customers to use two credit cards in charging purchases. With the Suntrust Bank Card, Levine receives an immediate credit to its account when it deposits sales receipts. Suntrust assesses a 4% service charge for credit card sales. The second credit card that Levine accepts is the Continental Card. Levine sends its accumulated receipts to Continental on a weekly basis and is paid by Continental about a week later. Continental assesses a 2.5% charge on sales for using its card.

Apr. 8 Sold merchandise for \$7,800 (that had cost \$5,764) and accepted the customer's Suntrust Bank Card. The Suntrust receipts are immediately deposited in Levine's bank account.

- 12 Sold merchandise for \$9,100 (that had cost \$5,897) and accepted the customer's Continental Card. Transferred \$9,100 of credit card receipts to Continental, requesting payment.
- 20 Received Continental's check for the April 12 billing, less the service charge.

Prepare journal entries to record the above selected credit card transactions of Levine Company.

Date	General Journal		Debit	Credit
Apr. 8	Cash	1	7,488	
	Credit card expense	1	312✔	
	Sales	1		7,800
Apr. 8	Cost of goods sold	1	5,764	
	Merchandise inventory	1		5,764
Apr. 12	Accounts receivable—Continental	1	8,872	
	Credit card expense	1	228	
	Sales	1		9,100
Apr. 12	Cost of goods sold	1	5,897✔	
	Merchandise inventory	1		5,897
Apr. 20	Cash	1	8,872	
	Accounts receivable—Continental	1		8,872





















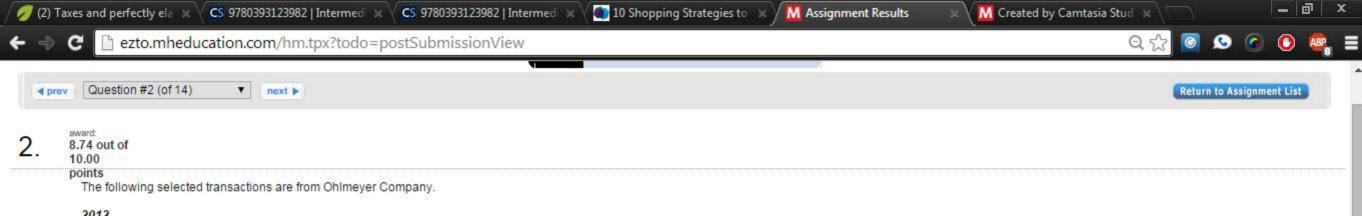












2012

- Dec.16 Accepted a \$10,800, 60-day, 8% note dated this day in granting Danny Todd a time extension on his past-due account receivable.
 - 31 Made an adjusting entry to record the accrued interest on the Todd note.

2013

- Feb. 14 Received Todd's payment of principal and interest on the note dated December 16.
- Mar. 2 Accepted an \$6,100, 8%, 90-day note dated this day in granting a time extension on the pastdue account receivable from Midnight Co.
 - 17 Accepted a \$2,400, 30-day, 7% note dated this day in granting Ava Privet a time extension on her past-due account receivable.
- Apr. 16 Privet dishonored her note when presented for payment.
- June 2 Midnight Co. refuses to pay the note that was due to Ohlmeyer Co. on May 31. Prepare the journal entry to charge the dishonored note plus accrued interest to Midnight Co.'s accounts receivable.
- July 17 Received payment from Midnight Co. for the maturity value of its dishonored note plus interest for 46 days beyond maturity at 8%.
- Aug. 7 Accepted an \$7,450, 90-day, 10% note dated this day in granting a time extension on the past-due account receivable of Mulan Co.
- Sept. 3 Accepted a \$2,100, 60-day, 10% note dated this day in granting Noah Carson a time extension on his past-due account receivable.
- Nov. 2 Received payment of principal plus interest from Carson for the September 3 note.
- Nov. 5 Received payment of principal plus interest from Mulan for the August 7 note.
- Dec. 1 Wrote off the Privet account against Allowance for Doubtful Accounts.

(Do not round intermediate calculations. Use 360 days a year.)

Required:

First, complete the table below to calculate the interest amount at December 31.

D.Todd Note - December 16, 2012

	Total through maturity		Interest recognized December 31	
Principal	\$ 10,800 🗸	\$	10,800	
Rate (%)	8%✔		8%•	



















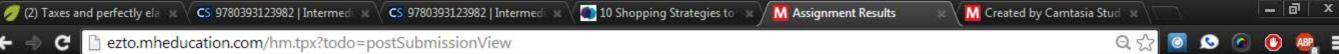












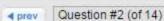












▼ next ▶

Return to Assignment List

Required:

First, complete the table below to calculate the interest amount at December 31.

D.Todd Note - December 16, 2012

	Total through maturity		Interest recognized December 31	
Principal	\$ 10,800	\$	10,800	
Rate (%)	8%✔		8%	
Time	60/360		15/360	
Total interest	\$ 144	\$	36✔	

Use the calculated value to prepare your journal entries for 2012 transactions.

Date	General Journal		Debit	Credit
Dec 16	Notes receivable—D. Todd	1	10,800	
1111		X		×
Dec 31	Interest receivable	1	36✔	
	Interest revenue	1		36

First, complete the table below to calculate the interest amounts.

Midnight Co. Note - March 2, 2013

Midnight Company Note	Total through maturity		
Principal	\$	6,100 🗸	
Rate (%)		8%~	
Time		90/360-	
Total interest	S	122	













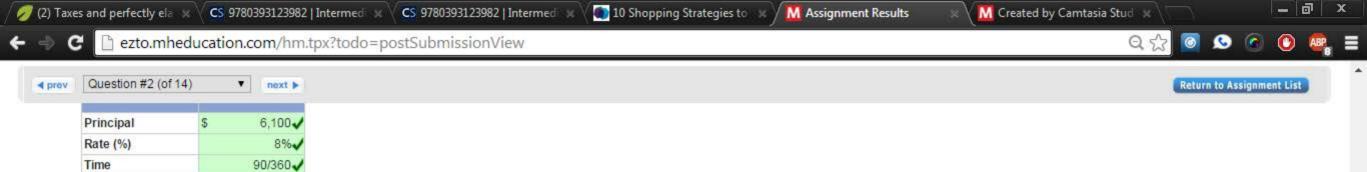












A. Privet Note - March 17, 2013

Total interest

Privet note	Total through maturity	
Principal	\$	2,400
Rate (%)		7%✔
Time		30/360
Total interest	\$	14.

1224

Mulan Note - August 7, 2013

Mulan Co. note	Total through maturity		
Principal	\$	7,450	
Rate (%)		10%	
Time		90/360 🗸	
Total interest	\$	186✔	

Midnight Co. Note - June 2, 2013

Midnight Co.	Additional Interest		
Principal	\$	6,222	



















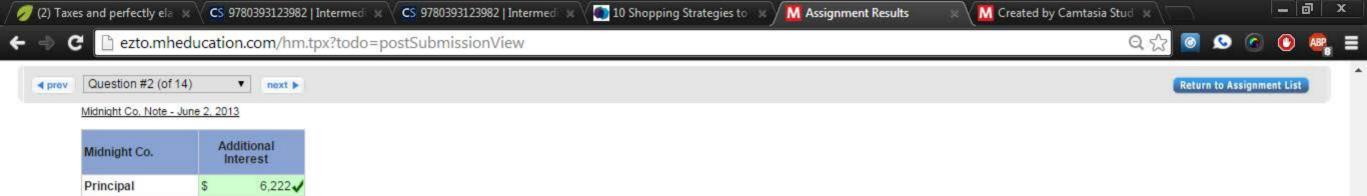












N. Carson Note - September 3, 2013

Rate (%)

Total interest

Time

Carson note	l through aturity
Principal	\$ 2,100 🗸
Rate (%)	10%
Time	60/360
Total interest	\$ 35✔

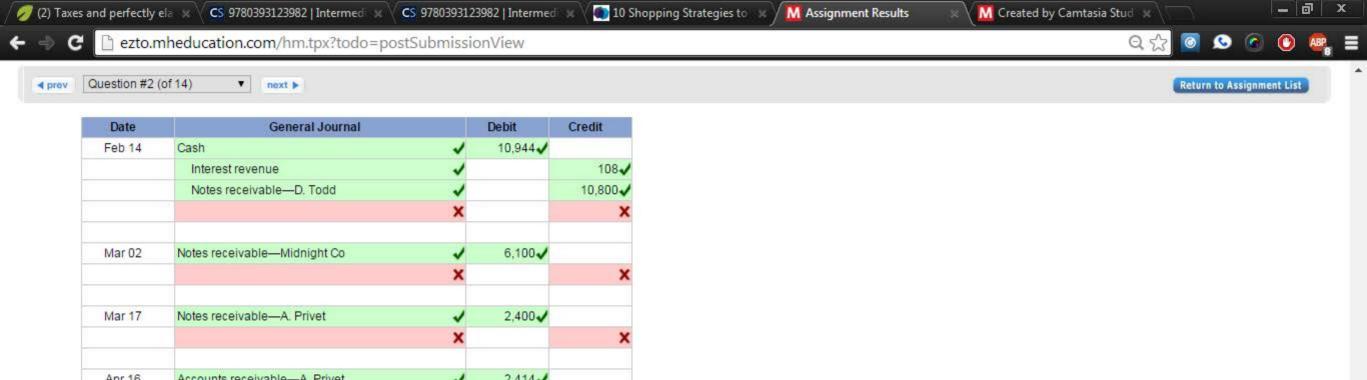
Use those calculated values to prepare your journal entries for 2013 transactions.

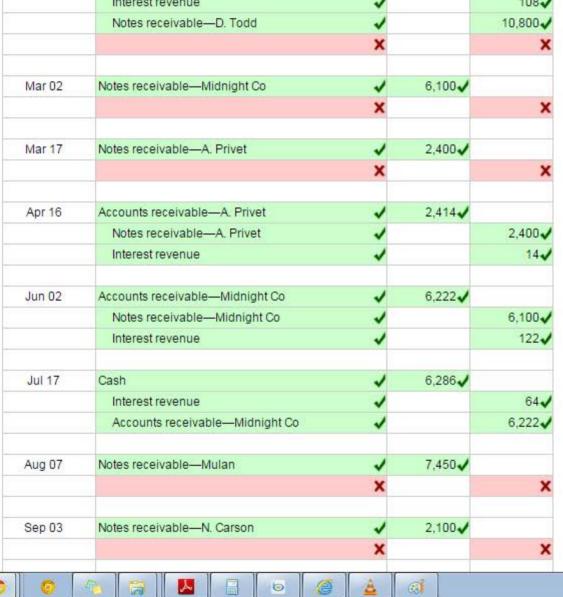
8%

644

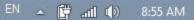
46/360

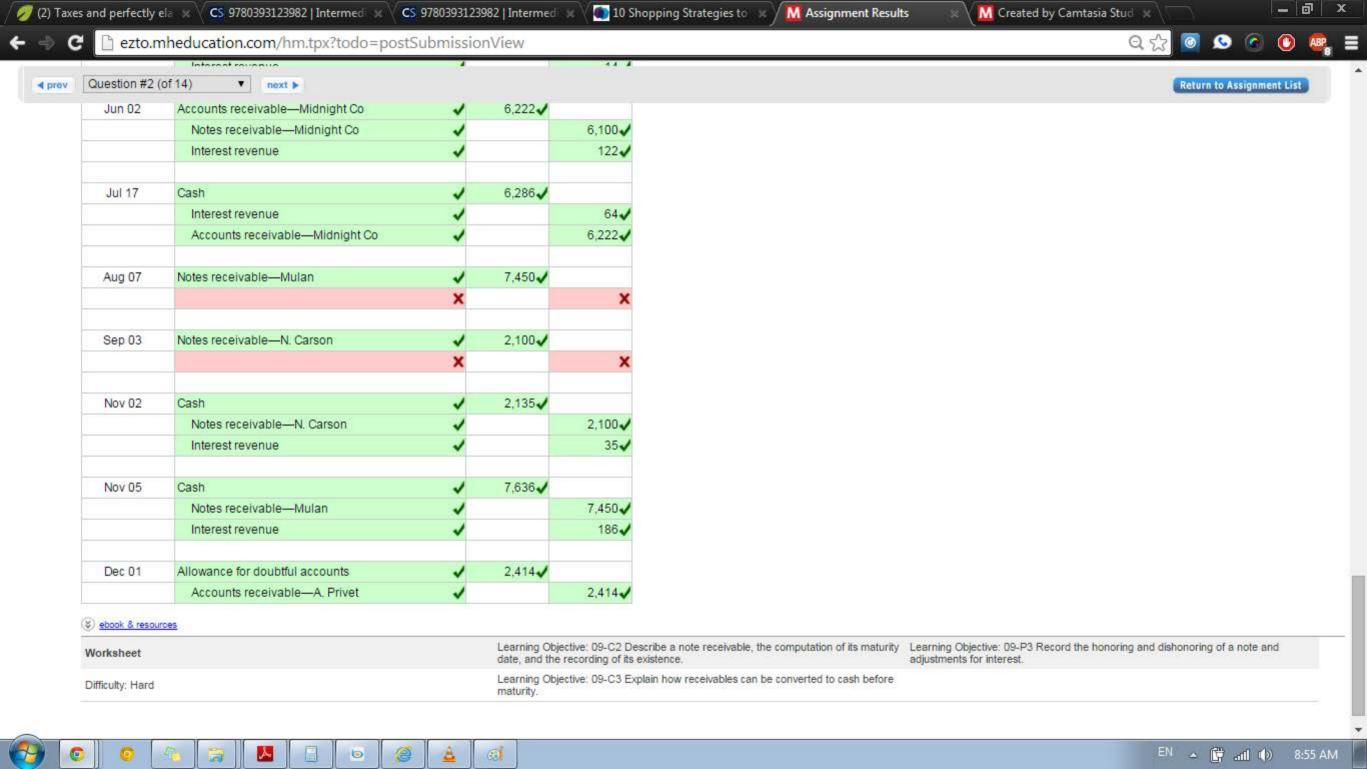
Date	General Journal		Debit	Credit
Feb 14	Cash	1	10,944	
	Interest revenue	1		108
	Notes receivable—D. Todd	1		10,800
		X		X
Mar 02	Notes receivable—Midnight Co	1	6,100	
		X		X
Mar 17	Notes receivable—A. Privet	1	2,400	

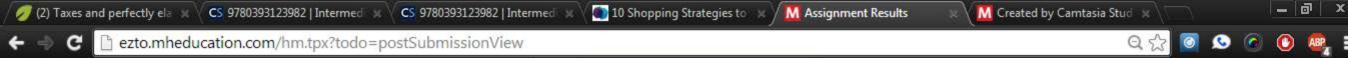












3. 10 out of 10.00 points

Prepare journal entries for the following credit card sales transactions (the company uses the perpetual inventory system).

 Sold \$20,000 of merchandise, that cost \$15,000, on MasterCard credit cards. The net cash receipts from sales are immediately deposited in the seller's bank account. MasterCard charges a 5% fee.

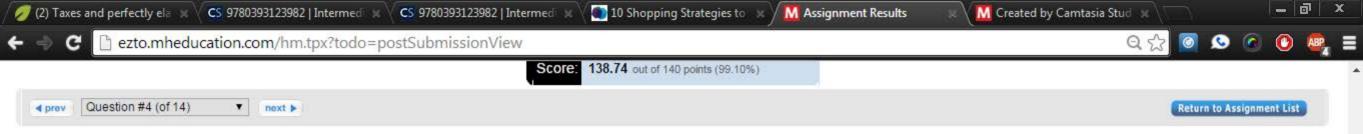
Event	General Journal		Debit	Credit
1	Cash	1	19,000 🗸	
	Credit card expense	1	1,000	
	Sales	1		20,000 -
2	Cost of goods sold	1	15,000✓	
	Merchandise inventory	~		15,000

Sold \$5,000 of merchandise, that cost \$3,000, on an assortment of credit cards. Net cash receipts are received 5 days later, and a 4% fee is charged.

Event	General Journal		Debit	Credit
1	Accounts receivable—Credit card cos.	1	4,800 🗸	
	Credit card expense	1	200 🗸	
	Sales	✓		5,000
2	Cost of goods sold	1	3,000 🗸	
	Merchandise inventory	~		3,000
3	Cash	1	4,800 🗸	
	Accounts receivable—Credit card cos.	1		4,800

(¥) ebook & resources





award: 10 out of 10.00 points

Gomez Corp. uses the allowance method to account for uncollectibles. On January 31, it wrote off a \$800 account of a customer, C. Green. On March 9, it receives a \$300 payment from Green.

1. Prepare the journal entry for January 31.

Date	General Journal		Debit	Credit
Jan 31	Allowance for doubtful accounts	1	800✔	
	Accounts receivable—C. Green	1		800

2. Prepare the entries for March 9; assume no additional money is expected from Green.

Date	General Journal		Debit	Credit
Mar 09	Accounts receivable—C. Green	1	300✔	
	Allowance for doubtful accounts	1		300✔
Mar 09	Cash	1	300✔	
	Accounts receivable—C. Green	-		300√

ebook & resources

Difficulty: Medium Worksheet

Learning Objective: 09-P2 Apply the allowance method and estimate uncollectibles based on sales and accounts receivable.

















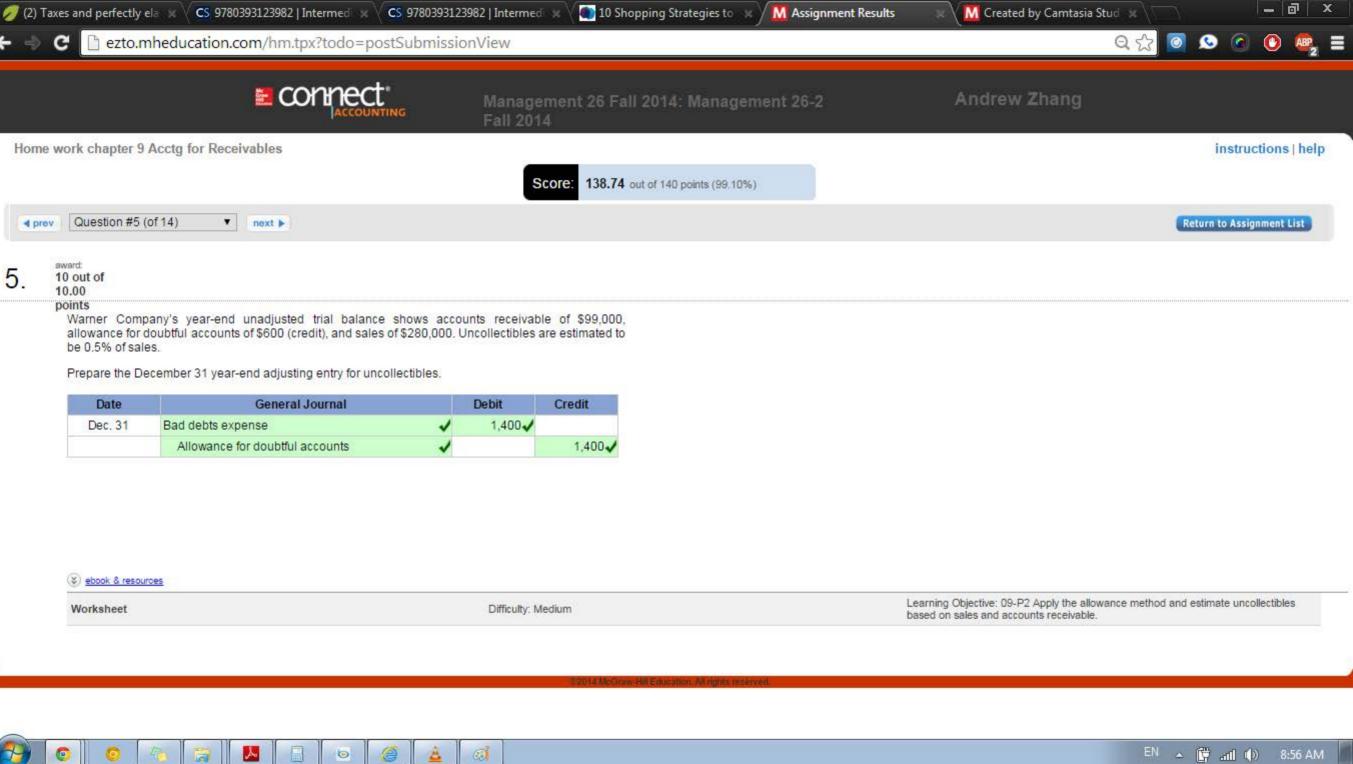


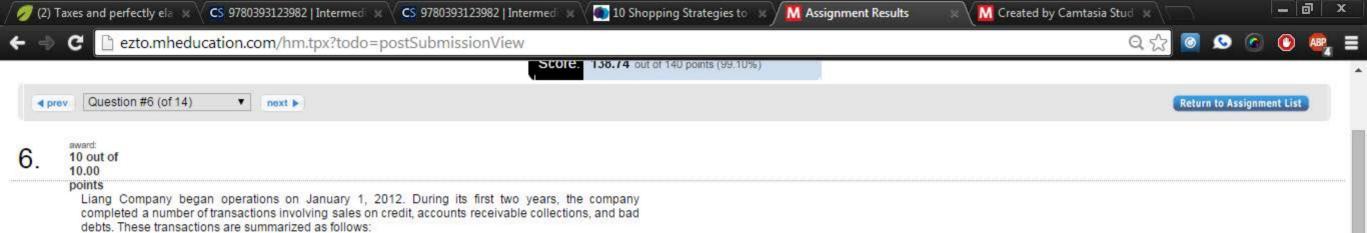












2012

- a. Sold \$1,345,434 of merchandise (that had cost \$975,000) on credit, terms n/30.
- b. Wrote off \$18,300 of uncollectible accounts receivable.
- c. Received \$669,200 cash in payment of accounts receivable.
- d. In adjusting the accounts on December 31, the company estimated that 1.5% of accounts receivable will be uncollectible.

2013

- e. Sold \$1.525.634 of merchandise (that had cost \$1.250.000) on credit, terms n/30.
- f. Wrote off \$27,800 of uncollectible accounts receivable.
- g. Received \$1,204,600 cash in payment of accounts receivable.
- h. In adjusting the accounts on December 31, the company estimated that 1.5% of accounts receivable will be uncollectible.

Required:

Prepare journal entries to record Liang's 2012 summarized transactions and its year-end adjustments to record bad debts expense. (The company uses the perpetual inventory system and it applies the allowance method for its accounts receivable.) (Round your intermediate calculations to the nearest dollar amount.)

Transaction	General Journal		Debit	Credit
a(1)	Accounts receivable	1	1,345,434	
	Sales	1		1,345,434
a(2)	Cost of good sold	1	975,000✓	
	Merchandise inventory	1		975,000
b.	Allowance for doubtful accounts	1	18,300✔	
	Accounts receivable	1		18,300

























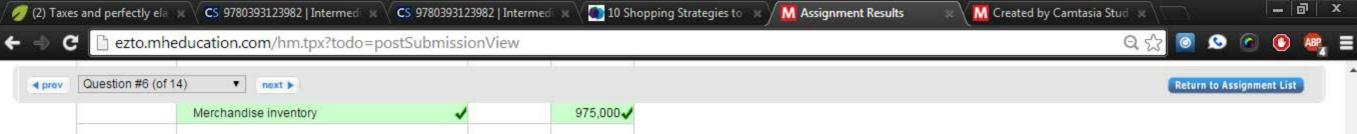












	Merchandise inventory	~		975,000
b.	Allowance for doubtful accounts	1	18,300 🗸	
	Accounts receivable	1		18,300
C.	Cash	1	669,200 ✓	
	Accounts receivable	1		669,200
d.	Bad debts expense	1	28,169	
	Allowance for doubtful accounts	1		28,169

Prepare journal entries to record Liang's 2013 summarized transactions and its year-end adjustments to record bad debts expense. (The company uses the perpetual inventory system and it applies the allowance method for its accounts receivable.) (Round your intermediate calculations to the nearest dollar amount.)

Transaction	General Journal		Debit	Credit
e(1)	Accounts receivable	1	1,525,634	
	Sales	-		1,525,634
e(2)	Cost of good sold	1	1,250,000	
	Merchandise inventory	1		1,250,000
f.	Allowance for doubtful accounts	~	27,800✔	
	Accounts receivable	1		27,800
g.	Cash	1	1,204,600	
	Accounts receivable	1		1,204,600
h.	Bad debts expense	1	32,199	
	Allowance for doubtful accounts	1		32,199



















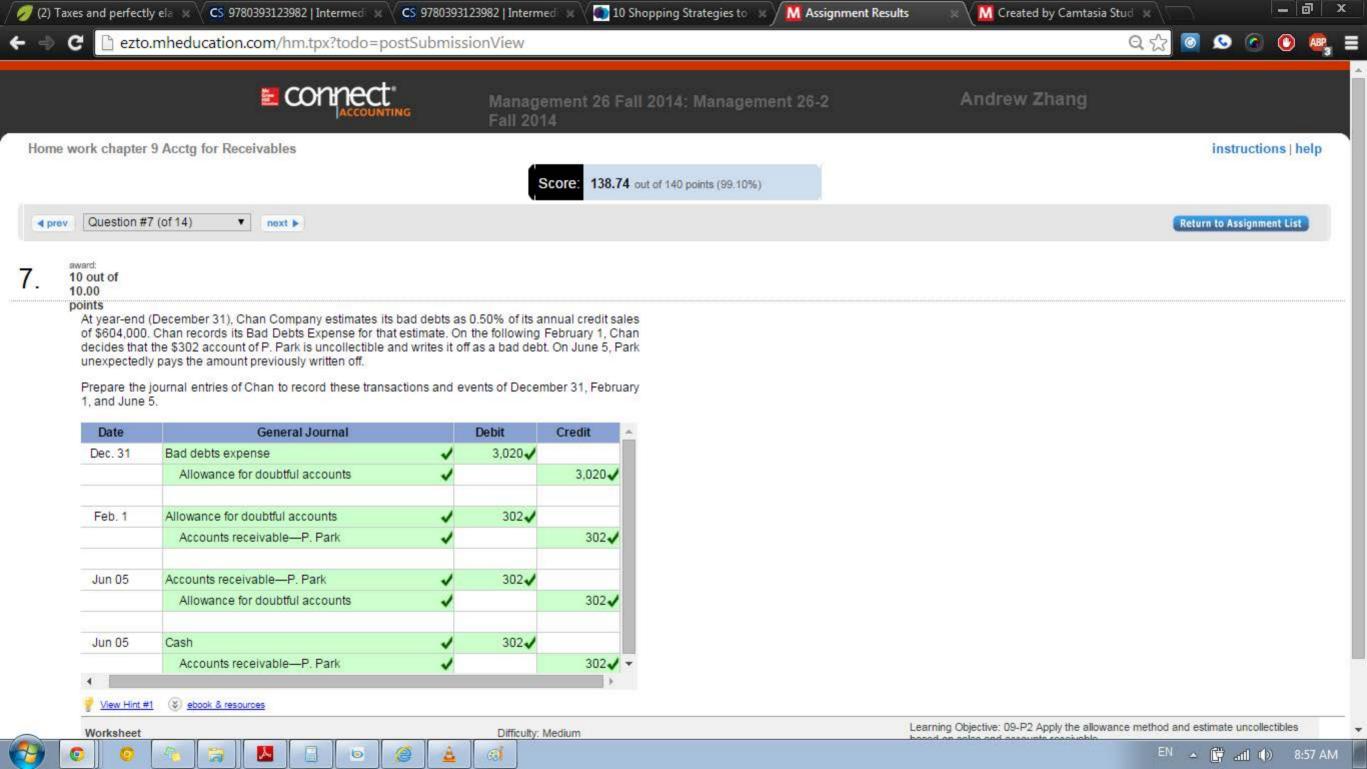


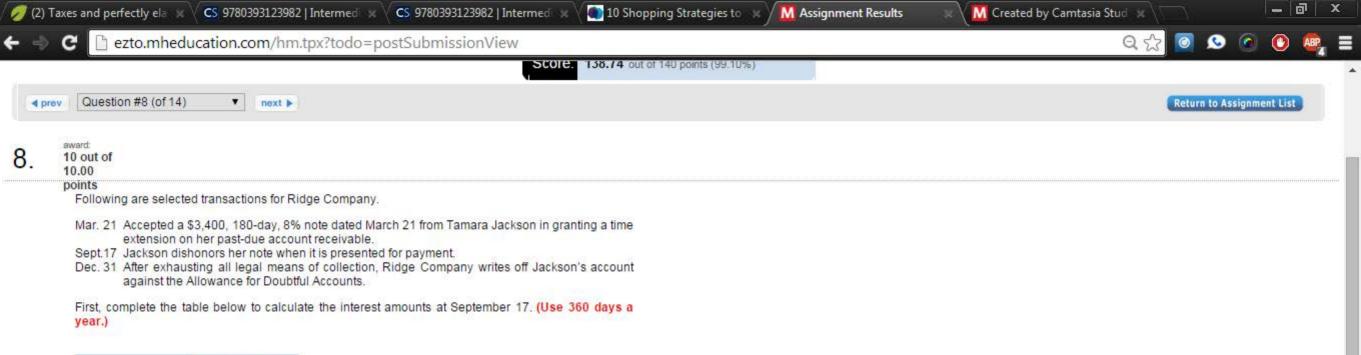












	Total through	
	m	aturity
Principal	\$	3,400
Rate (%)		8%✔
Time		180/360
Total interest	\$	136 🗸

Use the calculated value to prepare your journal entries.

General Journal		Debit	Credit
Notes receivable—T. Jackson	1	3,400	
Accounts receivable—T. Jackson	1		3,400
Accounts receivable—T. Jackson	1	3,536✔	
Interest revenue	1		136
Notes receivable—T. Jackson	1		3,400
	Notes receivable—T. Jackson Accounts receivable—T. Jackson Accounts receivable—T. Jackson Interest revenue	Notes receivable—T. Jackson Accounts receivable—T. Jackson Accounts receivable—T. Jackson Interest revenue	Notes receivable—T. Jackson 3,400 ✓ Accounts receivable—T. Jackson ✓ Accounts receivable—T. Jackson ✓ Interest revenue ✓

































ezto.mheducation.com/hm.tpx?todo=postSubmissionView



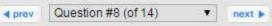


Return to Assignment List





a



Following are selected transactions for Ridge Company.

Mar. 21 Accepted a \$3,400, 180-day, 8% note dated March 21 from Tamara Jackson in granting a time extension on her past-due account receivable.

Sept.17 Jackson dishonors her note when it is presented for payment.

Dec. 31 After exhausting all legal means of collection, Ridge Company writes off Jackson's account against the Allowance for Doubtful Accounts.

First, complete the table below to calculate the interest amounts at September 17. (Use 360 days a year.)

	Tota	l through
	maturity	
Principal	\$	3,400
Rate (%)		8%~
Time		180/360
Total interest	\$	136

Use the calculated value to prepare your journal entries.

Date	General Journal		Debit	Credit
Mar. 21	Notes receivable—T. Jackson	1	3,400	
	Accounts receivable—T. Jackson	1		3,400
Sept. 17	Accounts receivable—T, Jackson	1	3,536✔	
	Interest revenue	1		136
	Notes receivable—T. Jackson	1		3,400
Dec. 31	Allowance for doubtful accounts	1	3,536✔	
	Accounts receivable—T. Jackson	1		3,536

















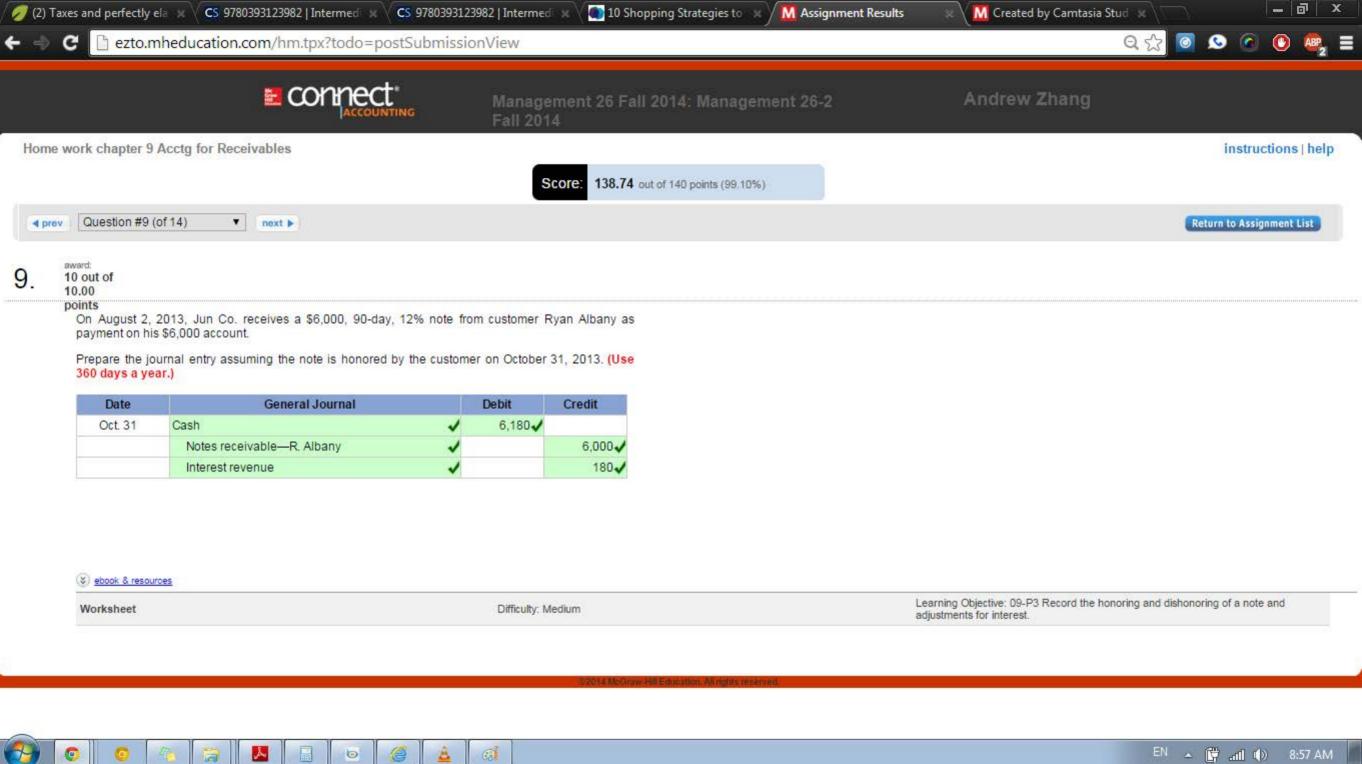


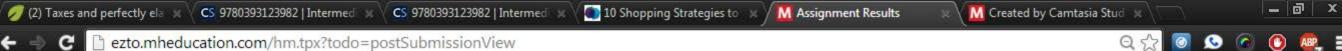












✓ prev Questions #10 - 11 (of 14) ▼ next ▶

Return to Assignment List

[The following information applies to the questions displayed below.]

Morales Company recorded the following selected transactions during November 2013.

Date	General Journal	Debit	Credit
Nov. 5	Accounts Receivable—Ski Shop Sales	4,670	4,670
10	Accounts Receivable—Welcome Enterprises Sales	2,435	2.435
13	Accounts Receivable—Zia Natara	1,428	
	Sales		1,428
21	Sales Returns and Allowances Accounts Receivable—Zia Natara	368	368
30	Accounts Receivable—Ski Shop Sales	5,076	5,076

10. 10 out of 10.00

points

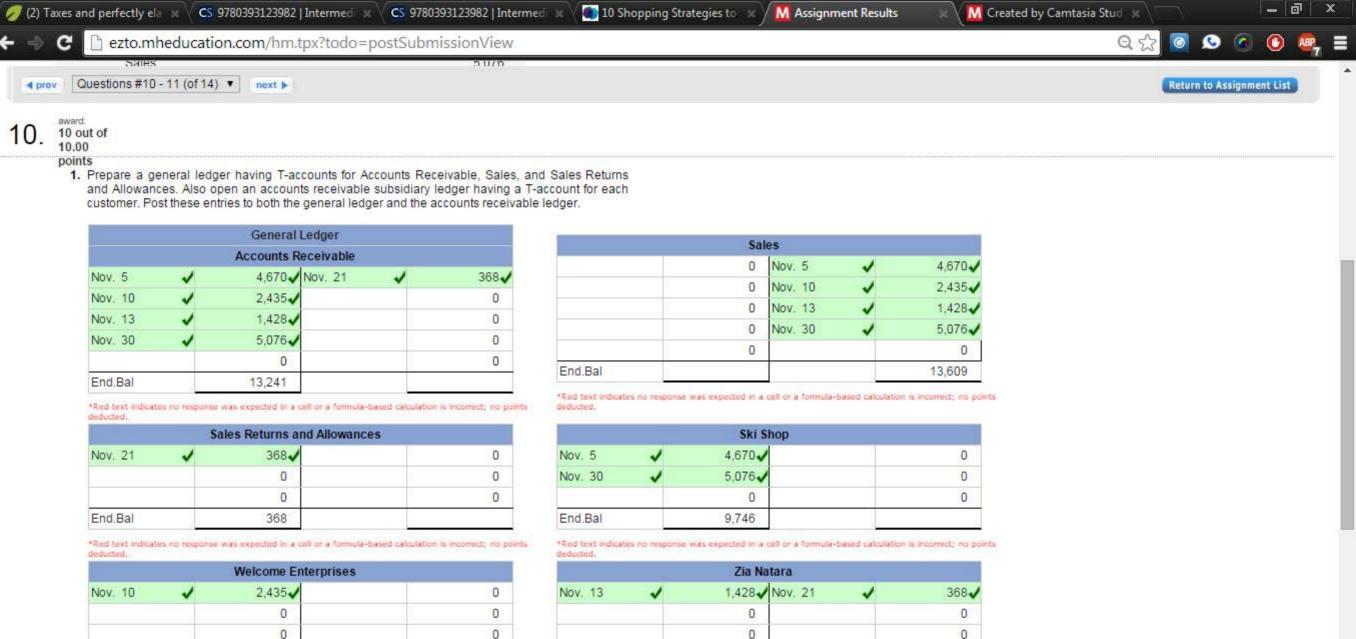
 Prepare a general ledger having T-accounts for Accounts Receivable, Sales, and Sales Returns and Allowances. Also open an accounts receivable subsidiary ledger having a T-account for each customer. Post these entries to both the general ledger and the accounts receivable ledger.

		Accounts Receivable		
Nov. 5	1	4,670 ✓ Nov. 21	1	368
Nov. 10	1	2,435		0
Nov. 13	1	1,428		0
Nov. 30	1	5,076		0
		0		0

	Sa	les		
	0	Nov. 5	1	4,670
	0	Nov. 10	1	2,435
	0	Nov. 13	1	1,428
	0	Nov. 30	1	5,076
	0			0
End Bal				13,609







Welcome Enterprises					
Nov. 10	1	2,435	0		
		0	0		
		0	0		
End.Bal		2,435			

*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

End.Bal 1.060 *Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points























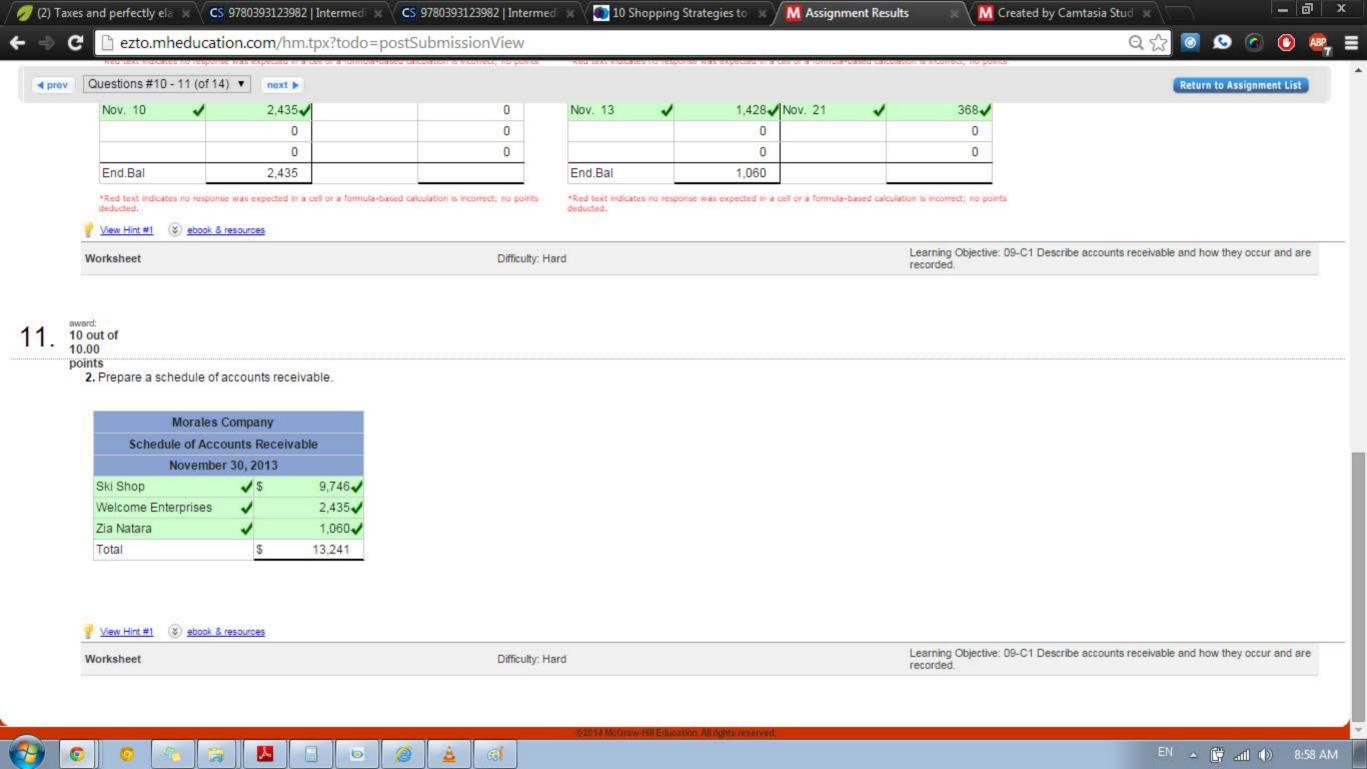


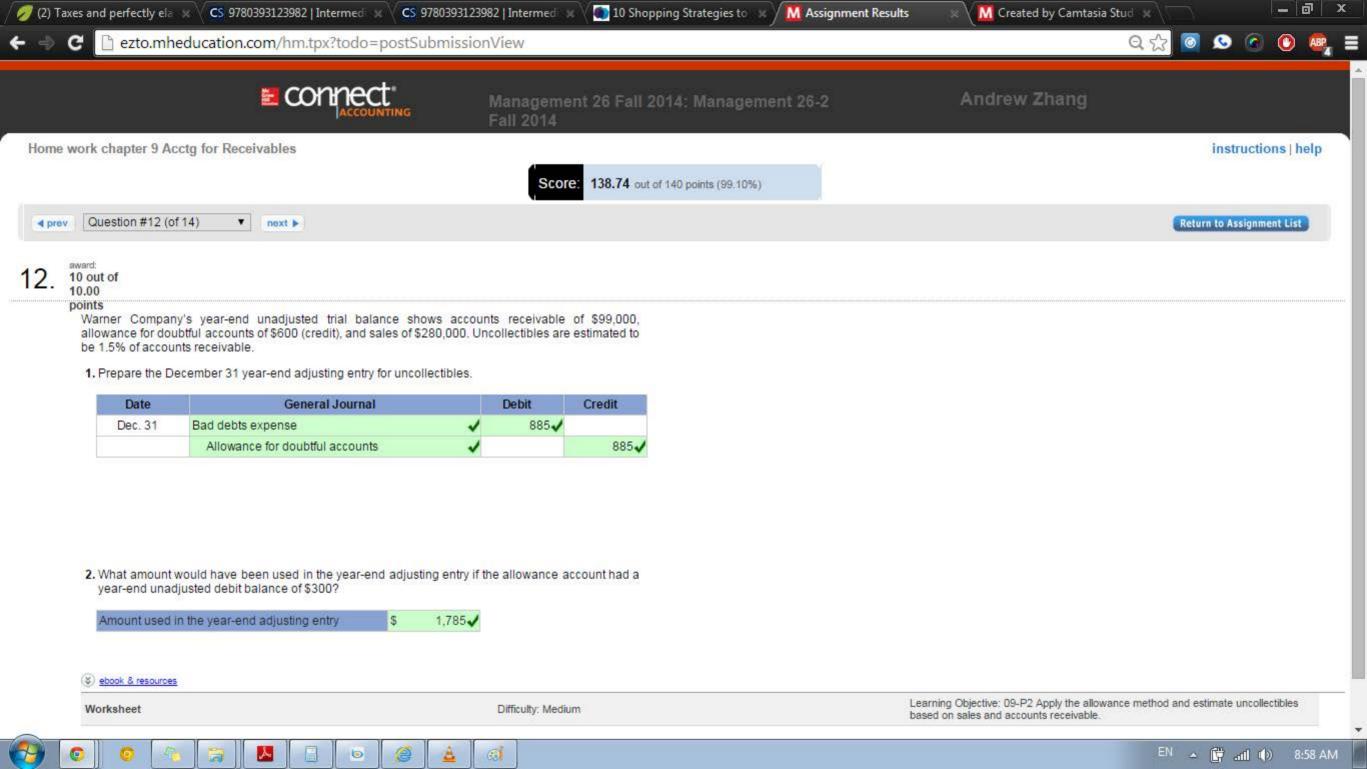


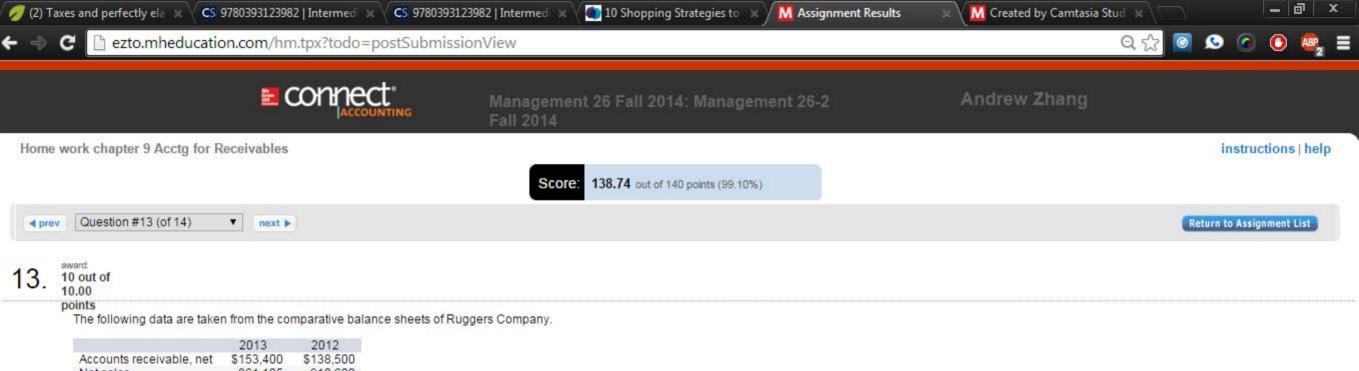


deducted.









Net sales 861,105 910,600

Complete the below table to calculate the accounts receivable turnover for the year 2013.

		Accounts receivable turnove	1		
Choose Numerator:	1	Choose Denominator:	=	Accounts rece	ivable turnover
Net sales 🗸	I	Average accounts receivable, net 🗸	Ξ	Accounts receivable turnover	
\$ 861,105✓	1	\$ 145,950 √	=	5.9	times

ebook & resources

Learning Objective: 09-A1 Compute accounts receivable turnover and use it to help Expanded table Difficulty: Medium assess financial condition.

































two credit cards: Zisa or Access. Zisa deducts a 3% service charge for sales on its credit card and credits the bank account of Mayfair immediately when credit card receipts are deposited. Mayfair deposits the Zisa credit card receipts each business day. When customers use Access credit cards, Mayfair accumulates the receipts for several days before submitting them to Access for payment. Access deducts a 2% service charge and usually pays within one week of being billed. Mayfair completes the following transactions in June. (The terms of all credit sales are 2/15, n/30, and all sales are recorded at the gross price.)

- June 4 Sold \$650 of merchandise (that had cost \$400) on credit to Natara Morris.
 - 5 Sold \$6,900 of merchandise (that had cost \$4,200) to customers who used their Zisa cards.
 - 6 Sold \$5.850 of merchandise (that had cost \$3.800) to customers who used their Access cards.
 - 8 Sold \$4,350 of merchandise (that had cost \$2,900) to customers who used their Access cards.
 - 10 Submitted Access card receipts accumulated since June 6 to the credit card company for
 - 13 Wrote off the account of Abigail McKee against the Allowance for Doubtful Accounts. The \$429 balance in McKee's account stemmed from a credit sale in October of last year.
 - 17 Received the amount due from Access.
 - 18 Received Morris's check in full payment for the purchase of June 4.

Required:

Prepare journal entries to record the preceding transactions and events. (The company uses the perpetual inventory system.) (If no entry is required for a particular transaction, select "No journal entry required" in the first account field.)

Date	General Journal	Debit	Credit	
June 04	Accounts receivable—N. Morris	1	650✔	
	Sales	1		650✔
June 04	Cost of goods sold	1	400✔	
	Merchandise inventory	ry 🗸		400•
June 05	Cash	1	6,693	
	Credit card expense	1	207-/	
	Sales	1		6,900





























