

1. With good internal controls, the person who handles cash can also

- A. account for cash payments.
 - B. account for cash receipts from customers.
 - C. issue credits to customers for sales returns.
 - D. None of the above
-

2. When recording credit card or debit card sales using the net method,

- A. cash received equals sales.
 - B. cash received equals sales minus the fee assessed by the card processing company.
 - C. cash received equals sales plus the fee assessed by the card processing company.
 - D. cash isn't received by the seller until the customer pays his or her credit card statement.
-

3. Which of the following is a limitation of the direct write-off method of accounting for uncollectibles?

- A. The direct write-off method overstates assets on the balance sheet.
 - B. The direct write-off method does not match expenses against revenue very well.
 - C. The direct write-off method does not set up an allowance for uncollectibles.
 - D. All of the above
-

4. The entry to record a write-off of an uncollectible account when using the direct write-off method involves a

- A. debit to Allowance for Bad Debts.
 - B. credit to Cash.
 - C. debit to Accounts Receivable.
 - D. debit to Bad Debts Expense.
-

5. Brickman Corporation uses the allowance method to account for uncollectible receivables. At the beginning of the year, Allowance for Bad Debts had a credit balance of \$1,000. During the year Brickman wrote off uncollectible receivables of \$2,100. Brickman recorded Bad Debts Expense of \$2,700. What is Brickman's year-end balance in Allowance for Bad Debts?

Review Only

Click the icon to see the Worked Solution.

- A. \$1,600
 - B. \$4,800
 - C. \$3,700
 - D. \$600
-

6. Brickman Company uses the allowance method to account for uncollectible receivables. At the beginning of the year, Allowance for Bad Debts had a credit balance of \$1,000. During the year Brickman wrote off uncollectible receivables of \$2,100. Brickman recorded Bad Debts Expense of \$2,700. Brickman's year-end balance in Allowance for Bad Debts is \$1,600. Brickman's ending balance of Accounts Receivable is \$19,500. Compute the net realizable value of Accounts Receivable at year-end.

Review Only

Click the icon to see the Worked Solution.

- A. \$16,800
- B. \$19,500
- C. \$17,400
- D. \$17,900

7. At December 31 year-end, Crain Corporation has an \$8,400 note receivable from a customer. Interest of 10% has accrued for 10 months on the note. What will Crain's financial statements report for this situation?

Review Only

Click the icon to see the Worked Solution.

- A. The balance sheet will report the note receivable of \$8,400.
- B. The balance sheet will report the note receivable of \$8,400 and interest receivable of \$700.
- C. Nothing because the business has not received the cash yet.
- D. The income statement will report a note receivable of \$8,400.

8. At December 31 year-end, Crain Corporation has an \$8,400 note receivable from a customer. Interest of 10% has accrued for 10 months on the note. What will Crain's income statement for the year ended December 31 report for this situation?

Review Only

Click the icon to see the Worked Solution.

- A. Nothing because the business has not received the cash yet
- B. Note receivable of \$8,400
- C. Interest revenue of \$700
- D. Both b and c

9. At year-end, Schultz, Inc. has cash of \$11,600, current accounts receivable of \$48,900, merchandise inventory of \$37,900, and prepaid expenses totaling \$5,100. Liabilities of \$55,900 must be paid next year. What is Schultz's acid-test ratio? (Round your answer to two decimal places.)

Review Only

Click the icon to see the Worked Solution.

- A. 1.08
- B. 0.21
- C. 1.76
- D. Cannot be determined from the data given

10. At year-end, Schultz has cash of \$11,600, current accounts receivable of \$48,900, merchandise inventory of \$37,900, and prepaid expenses totaling \$5,100. Liabilities of \$55,900 must be paid next year. Assume accounts receivable had a beginning balance of \$67,400 and net credit sales for the current year totaled \$807,800. How many days did it take Schultz to collect its average level of receivables? (Assume 365 days/year. Round any interim calculations to two decimal places. Round the number of days to the nearest whole number.)

Review Only

Click the icon to see the Worked Solution.

- A. 49
- B. 35
- C. 29
- D. 26

11. On June 1, Top Performance Cell Phones sold \$22,000 of merchandise to Anthony Trucking Company on account. Anthony fell on hard times and on July 15 paid only \$5,000 of the account receivable. After repeated attempts to collect, Top Performance finally wrote off its accounts receivable from Anthony on September 5. Six months later, March 5, Top Performance received Anthony's check for \$17,000 with a note apologizing for the late payment.

Read the [requirements](#)¹.

Review Only

Click the icon to see the Worked Solution.

Requirement 1. Journalize the transactions for Top Performance Cell Phones using the direct write-off method. Ignore Cost of Goods Sold. (Record debits first, then, credits. Select the explanation on the last line of the journal entry table.)

June 1: Top Performance Cell Phones sold \$22,000 of merchandise to Anthony Trucking Company on account. Ignore Cost of Goods Sold.

Date	Accounts and Explanation	Debit	Credit
Jun. 1	(1)		
	(2)		
	(3)		
	(4)		
	(5)		

July 15: Anthony paid \$5,000 of the account receivable.

Date	Accounts and Explanation	Debit	Credit
Jul. 15	(6)		
	(7)		
	(8)		
	(9)		
	(10)		

September 5: Top Performance wrote off its accounts receivable from Anthony.

Date	Accounts and Explanation	Debit	Credit
Sep. 5	(11)		
	(12)		
	(13)		
	(14)		
	(15)		

March 5, Top Performance received Anthony's check for \$17,000 with a note apologizing for the late payment.

First journalize the reinstatement of Anthony's accounts receivable. (Do not journalize the collection. We will do that in the next step.)

Date	Accounts and Explanation	Debit	Credit
Mar. 5	(16)		
	(17)		
	(18)		
	(19)		
	(20)		

Now journalize the collection from Anthony.

Date	Accounts and Explanation	Debit	Credit
Mar. 5	(21)		
	(22)		
	(23)		
	(24)		
	(25)		

Requirement 2. What are some limitations that Top Performance will encounter when using the direct write-off method?

- A. Top Performance will encounter limitations with the direct write-off method because it violates the matching principle. The matching principle requires that the expense of uncollectible accounts be matched with the related revenue.
- B. Top Performance will not encounter any limitations with the direct write-off method because it adheres to the matching principle by matching the expense of uncollectible accounts with the related revenue.
- C. Top Performance will encounter limitations with the direct write-off method because it is complicated and very costly to implement.
- D. Top Performance will encounter limitations with the direct write-off method because it will result in understating profits and net assets every year the method is used.

1: Requirements

- Journalize the transactions for Top Performance Cell Phones using the direct write-off method. Ignore Cost of Goods Sold.
- What are some limitations that Top Performance will encounter when using the direct write-off method?

12. At January 1, 2016, Windy Mountain Flagpoles had Accounts Receivable of \$31,000, and Allowance for Bad Debts had a credit balance of \$3,000. During the year, Windy Mountain Flagpoles recorded the following:
²(Click the icon to view the transactions.)

Read the [requirements](#)³.

Review Only

Click the icon to see the Worked Solution.

Requirement 1. Journalize Windy's transactions that occurred during 2016. The company uses the allowance method. (Record debits first, then credits. Select the explanation on the last line of the journal entry table.)

(a.) Sales of \$179,000 (\$161,000 on account; \$18,000 for cash). Ignore Cost of Goods Sold. (Prepare a single compound journal entry.)

Date	Accounts and Explanation	Debit	Credit
2016	(1)		
	(2)		
	(3)		
	(4)		
	(5)		

(b.) Collections on account, \$129,000.

Date	Accounts and Explanation	Debit	Credit
2016	(6)		
	(7)		
	(8)		
	(9)		
	(10)		

(c.) Write-offs of uncollectible receivables, \$2,300.

Date	Accounts and Explanation	Debit	Credit
2016	(11)		
	(12)		
	(13)		
	(14)		
	(15)		

Requirement 2. Post Windy's transactions to the Accounts Receivable and Allowance for Bad Debts T-accounts.

Enter the beginning balances and the journal entries, and then compute the unadjusted balance of each account.

Accounts Receivable				Allowance for Bad Debts			
(16)			(17)	(18)			(19)
(20)			(21)	(22)			(23)
(24)			(25)	(26)			(27)

Requirement 3. Journalize Windy's adjustment to record bad debts expense assuming Windy estimates bad debts as 4% of credit sales. Post the adjustment to the appropriate T-accounts. (Record debits first, then credits. Select the explanation on the last line of the journal entry table.)

First journalize Windy's adjustment to record bad debts expense.

Date	Accounts and Explanation	Debit	Credit
Dec. 31	(28)		
	(29)		
	(30)		
	(31)		
	(32)		

Post the adjustment to the appropriate T-accounts.

First enter and label the Jan. 1, 2016 balance for the Bad Debt Expense account, then post the adjustment to the appropriate T-accounts. (Enter a "0" on the normal side of the account for any zero balances.)

Accounts Receivable				Allowance for Bad Debts			
Jan. 1, 2016 Bal.	31,000	129,000 Collections		Write-offs	2,300	3,000 Jan. 1, 2016 Bal.	
Net credit sales	161,000	2,300 Write-offs					
Unadj. Bal.	60,700					700 Unadj. Bal.	
(33)		(34)		(35)		(36)	
(37)		(38)		(39)		(40)	

Bad Debts Expense			
(41)		(42)	
(43)		(44)	
(45)		(46)	

Requirement 4. Show how Windy Mountain Flagpoles will report net accounts receivable on its December 31, 2016 balance sheet.

Balance Sheet (Partial):

Current Assets:

(47)		
(48)		

2: More Info

- Sales of \$179,000 (\$161,000 on account; \$18,000 for cash). Ignore Cost of Goods Sold.
- Collections on account, \$129,000.
- Write-offs of uncollectible receivables, \$2,300.

3: Requirements

- Journalize Windy's transactions that occurred during 2016. The company uses the allowance method.
- Post Windy's transactions to the Accounts Receivable and Allowance for Bad Debts T-accounts.
- Journalize Windy's adjustment to record bad debts expense assuming Windy estimates bad debts as 4% of credit sales. Post the adjustment to the appropriate T-accounts.
- Show how Windy Mountain Flagpoles will report net accounts receivable on its December 31, 2016 balance sheet.

13. At January 1, 2016, Purple Mountain Flagpoles had Accounts Receivable of \$33,000 and Allowance for Bad Debts had a credit balance of \$3,000. During the year, Purple Mountain Flagpoles recorded the following:
⁴(Click the icon to view the transactions.)

Read the [requirements](#)⁵.

Review Only

Click the icon to see the Worked Solution.

Requirement 1. Journalize Purple's transactions that occurred during 2016. The company uses the allowance method. (Record debits first, then credits. Select the explanation on the last line of the journal entry table.)

(a.) Sales of \$181,000 (\$164,000 on account; \$17,000 for cash). Ignore Cost of Goods Sold. (Prepare a single compound journal entry.)

Date	Accounts and Explanation	Debit	Credit
2016	(1)		
	(2)		
	(3)		
	(4)		
	(5)		

(b.) Collections on account, \$129,000.

Date	Accounts and Explanation	Debit	Credit
2016	(6)		
	(7)		
	(8)		
	(9)		
	(10)		

(c.) Write-offs of uncollectible receivables, \$2,700.

Date	Accounts and Explanation	Debit	Credit
2016	(11)		
	(12)		
	(13)		
	(14)		
	(15)		

Requirement 2. Post Purple's transactions to the Accounts Receivable and Allowance for Bad Debts T-accounts.

Enter the beginning balances and the journal entries, and then compute the unadjusted balance of each account.

Accounts Receivable				Allowance for Bad Debts			
(16)			(17)	(18)			(19)
(20)			(21)	(22)			(23)
(24)			(25)	(26)			(27)

Requirement 3. Journalize Purple's adjustment to record bad debts expense assuming Purple estimates bad debts as 3% of accounts receivable. Post the adjustment to the appropriate T-accounts. (Record debits first, then credits. Select the explanation on the last line of the journal entry table.)

First journalize Purple's adjustment to record bad debts expense.

Date	Accounts and Explanation	Debit	Credit
Dec. 31	(28)		
	(29)		
	(30)		
	(31)		
	(32)		

Post the adjustment to the appropriate T-accounts.

First enter the beginning balance for the Bad Debt Expense account, then post the adjustment to the appropriate T-accounts. (Enter a "0" on the normal side of the account for any zero balances.)

Accounts Receivable				Allowance for Bad Debts			
Jan. 1, 2016 Bal.	33,000	129,000 Collections		Write-offs	2,700	3,000 Jan. 1, 2016 Bal.	
Net credit sales	164,000	2,700 Write-offs					
Unadj. Bal.	65,300					300 Unadj. Bal.	
(33)		(34)		(35)		(36)	
(37)		(38)		(39)		(40)	

Bad Debts Expense			
(41)		(42)	
(43)		(44)	
(45)		(46)	

Requirement 4. Show how Purple Mountain Flagpoles will report net accounts receivable on its December 31, 2016 balance sheet.

Balance Sheet (Partial):

Current Assets:

(47)		
(48)		

4: More Info

- Sales of \$181,000 (\$164,000 on account; \$17,000 for cash). Ignore Cost of Goods Sold.
- Collections on account, \$129,000.
- Write-offs of uncollectible receivables, \$2,700.

5: Requirements

- Journalize Purple's transactions that occurred during 2016. The company uses the allowance method.
- Post Purple's transactions to the Accounts Receivable and Allowance for Bad Debts T-accounts.
- Journalize Purple's adjustment to record bad debts expense assuming Purple estimates bad debts as 3% of accounts receivable. Post the adjustment to the appropriate T-accounts.
- Show how Purple Mountain Flagpoles will report net accounts receivable on its December 31, 2016 balance sheet.

14. At December 31, 2016, the Accounts Receivable balance of GPS Technology is \$215,000. The Allowance for Bad Debts account has a \$13,800 debit balance. GPS Technology prepares the following aging schedule for its accounts receivable:
 (Click the icon to view the aging schedule.)

Requirements

- Journalize the year-end adjusting entry for bad debts on the basis of the aging schedule. Show the T-account for the Allowance for Bad Debts at December 31, 2016.
- Show how GPS Technology will report its net accounts receivable on its December 31, 2016, balance sheet.

Review Only

Click the icon to see the Worked Solution.

Requirement 1. Journalize the year-end adjusting entry for bad debts on the basis of the aging schedule. Show the T-account for the Allowance for Bad Debts at December 31, 2016.

Begin by determining the target balance of Allowance for Bad Debts by using the age of each account.

	Age of Accounts				Total Balance
	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	
Accounts Receivable	\$ 90,000	\$ 50,000	\$ 55,000	\$ 20,000	
Estimated percent uncollectible	0.5 %	2.0 %	10.0 %	45.0 %	
Estimated total uncollectible					

Journalize the year-end adjusting entry for doubtful accounts on the basis of the aging schedule. (Record debits first, then credits. Select the explanation on the last line of the journal entry table.)

Date	Accounts and Explanation	Debit	Credit
Dec. 31	(1)		
	(2)		
	(3)		
	(4)		
	(5)		

Show the T-account for the Allowance for Bad Debts at December 31, 2016.

Allowance for Bad Debts			
(6)			(7)
(8)			(9)
(10)			(11)

Requirement 2. Show how GPS Technology will report its net accounts receivable on its December 31, 2016, balance sheet.

Balance Sheet (Partial):

Current Assets:

(12)		
(13)		

6: Data Table

	Age of Accounts			
	1-30 Days	31-60 Days	61-90 Days	Over 90 Days
Accounts Receivable	\$ 90,000	\$ 50,000	\$ 55,000	\$ 20,000
Estimated percent uncollectible	0.5 %	2.0 %	10.0 %	45.0 %

15. Consider the following transactions for Rural Beginnings.

⁷(Click the icon to view the transactions.)

Journalize all transactions for Rural Beginnings. Round all amounts to the nearest dollar. (For notes stated in days, use a 360-day year.) (Round your final answers to the nearest whole dollar. Record debits first, then credits. Exclude explanations from journal entries.)

Review Only

Click the icon to see the Worked Solution.

Dec. 6: Received a \$12,000, 90-day, 9% note in settlement of an overdue accounts receivable from AVC Company.

Date	Accounts and Explanation	Debit	Credit
2016	(1)		
Dec. 6	(2)		
	(3)		
	(4)		

Dec. 31: Made an adjusting entry to accrue interest on the AVC Company note.

Date	Accounts and Explanation	Debit	Credit
2016	(5)		
Dec. 31	(6)		
	(7)		
	(8)		

Dec. 31: Made a closing entry for interest revenue.

Date	Accounts and Explanation	Debit	Credit
2016	(9)		
Dec. 31	(10)		
	(11)		
	(12)		

Mar. 6: Collected the maturity value of the AVC Company note. (Prepare a single compound journal entry.)

Date	Accounts and Explanation	Debit	Credit
2017	(13)		
Mar. 6	(14)		
	(15)		
	(16)		

Jun. 30: Loaned \$14,000 cash to Johnathon's Publishing, receiving a six-month, 12% note.

Date	Accounts and Explanation	Debit	Credit
2017	(17)		
Jun. 30	(18)		
	(19)		
	(20)		

Oct. 2: Received a \$5,000, 60-day, 12% note for a sale to So Long Music. Ignore Cost of Goods Sold.

Date	Accounts and Explanation	Debit	Credit
2017	(21)		
Oct. 2	(22)		
	(23)		
	(24)		

Dec. 1: So Long Music dishonored its note at maturity. (Prepare a single compound journal entry.)

Date	Accounts and Explanation	Debit	Credit
2017	(25)		
Dec. 1	(26)		
	(27)		
	(28)		

Dec. 1: Wrote off the receivable associated with So Long Music. (Use the allowance method.)

Date	Accounts and Explanation	Debit	Credit
2017	(29)		
Dec. 1	(30)		
	(31)		
	(32)		

Dec. 30: Collected the maturity value of the Johnathon's Publishing note. (Prepare a single compound journal entry.)

Date	Accounts and Explanation	Debit	Credit
2017	(33)		
Dec. 30	(34)		
	(35)		
	(36)		

7: More Info

2016

- Dec. 6 Received a \$12,000, 90-day, 9% note in settlement of an overdue accounts receivable from AVC Company.
 31 Made an adjusting entry to accrue interest on the AVC Company note.
 31 Made a closing entry for interest revenue.

2017

- Mar. 6 Collected the maturity value of the AVC Company note.
 Jun. 30 Loaned \$14,000 cash to Johnathon's Publishing, receiving a six-month, 12% note.
 Oct. 2 Received a \$5,000, 60-day, 12% note for a sale to So Long Music. Ignore Cost of Goods Sold.
 Dec. 1 So Long Music dishonored its note at maturity.
 1 Wrote off the receivable associated with So Long Music. (Use the allowance method.)
 30 Collected the maturity value of the Johnathon's Publishing note.

1. D. None of the above

2. B. cash received equals sales minus the fee assessed by the card processing company.

3. D. All of the above

4. D. debit to Bad Debts Expense.

5. A. \$1,600

6. D. \$17,900

7. B. The balance sheet will report the note receivable of \$8,400 and interest receivable of \$700.

8. C. Interest revenue of \$700

9. A. 1.08

10. D. 26

Date	Accounts and Explanation	Debit	Credit
Jun. 1	Accounts Receivable-Anthony Trucking Company Sales Revenue	22,000	22,000
	<i>Sold goods on account.</i>		
Date	Accounts and Explanation	Debit	Credit
Jul. 15	Cash Accounts Receivable-Anthony Trucking Company	5,000	5,000
	<i>Collected cash on account.</i>		
Date	Accounts and Explanation	Debit	Credit
Sep. 5	Bad Debts Expense Accounts Receivable-Anthony Trucking Company	17,000	17,000
	<i>Wrote off uncollectible accounts.</i>		
Date	Accounts and Explanation	Debit	Credit
Mar. 5	Accounts Receivable-Anthony Trucking Company Bad Debts Expense	17,000	17,000
	<i>Reinstated previously written off account.</i>		
Date	Accounts and Explanation	Debit	Credit
Mar. 5	Cash Accounts Receivable-Anthony Trucking Company	17,000	17,000
	<i>Collected cash on account.</i>		

A.

Top Performance will encounter limitations with the direct write-off method because it violates the matching principle. The matching principle requires that the expense of uncollectible accounts be matched with the related revenue.

12.

Date	Accounts and Explanation	Debit	Credit
2016	Cash	18,000	
	Accounts Receivable	161,000	
	Sales Revenue		179,000
	<i>Record sales for the year.</i>		

Date	Accounts and Explanation	Debit	Credit
2016	Cash	129,000	
	Accounts Receivable		129,000
	<i>Collected cash on account.</i>		

Date	Accounts and Explanation	Debit	Credit
2016	Allowance for Bad Debts	2,300	
	Accounts Receivable		2,300
	<i>Wrote off uncollectible accounts.</i>		

Accounts Receivable			Allowance for Bad Debts		
Jan. 1, 2016 Bal.	31,000	129,000 Collections	Write-offs	2,300	3,000 Jan. 1, 2016 Bal.
Net credit sales	161,000	2,300 Write-offs			
Unadj. Bal.	60,700				700 Unadj. Bal.

Date	Accounts and Explanation	Debit	Credit
Dec. 31	Bad Debts Expense	6,440	
	Allowance for Bad Debts		6,440
	<i>Recorded bad debts expense for the period.</i>		

Accounts Receivable			Allowance for Bad Debts		
Jan. 1, 2016 Bal.	31,000	129,000 Collections	Write-offs	2,300	3,000 Jan. 1, 2016 Bal.
Net credit sales	161,000	2,300 Write-offs			
Unadj. Bal.	60,700				700 Unadj. Bal.
					6,440 Adj.
Dec. 31 2016 Bal.	60,700				7,140 Dec. 31 2016 Bal.

Bad Debts Expense	
Jan. 1, 2016 Bal.	0
Adj.	6,440
Dec. 31 2016 Bal.	6,440

Balance Sheet (Partial):

Current Assets:

Accounts Receivable	\$	60,700	
Less: Allowance for Bad Debts		<u>(7,140)</u>	\$ 53,560

13.

Date	Accounts and Explanation	Debit	Credit
2016	Cash	17,000	
	Accounts Receivable	164,000	
	Sales Revenue		181,000
	<i>Record sales for the year.</i>		

Date	Accounts and Explanation	Debit	Credit
2016	Cash	129,000	
	Accounts Receivable		129,000
	<i>Collected cash on account.</i>		

Date	Accounts and Explanation	Debit	Credit
2016	Allowance for Bad Debts	2,700	
	Accounts Receivable		2,700
	<i>Wrote off uncollectible accounts.</i>		

Accounts Receivable			Allowance for Bad Debts		
Jan. 1, 2016 Bal.	33,000	129,000 Collections	Write-offs	2,700	3,000 Jan. 1, 2016 Bal.
Net credit sales	164,000	2,700 Write-offs			
Unadj. Bal.	65,300				300 Unadj. Bal.

Date	Accounts and Explanation	Debit	Credit
Dec. 31	Bad Debts Expense	1,659	
	Allowance for Bad Debts		1,659
	<i>Recorded bad debts expense for the period.</i>		

Accounts Receivable			Allowance for Bad Debts		
Jan. 1, 2016 Bal.	33,000	129,000 Collections	Write-offs	2,700	3,000 Jan. 1, 2016 Bal.
Net credit sales	164,000	2,700 Write-offs			
Unadj. Bal.	65,300				300 Unadj. Bal.
					1,659 Adj.
Dec. 31 2016 Bal.	65,300				1,959 Dec. 31 2016 Bal.

Bad Debts Expense	
Jan. 1, 2016 Bal.	0
Adj.	1,659
Dec. 31 2016 Bal.	1,659

Balance Sheet (Partial):

Current Assets:

Accounts Receivable	\$	65,300	
Less: Allowance for Bad Debts		(1,959)	\$ 63,341

14.

Age of Accounts

	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total Balance
Accounts Receivable	\$ 90,000	\$ 50,000	\$ 55,000	\$ 20,000	\$ 215,000
Estimated percent uncollectible	0.5 %	2.0 %	10.0 %	45.0 %	
Estimated total uncollectible	\$ 450	\$ 1,000	\$ 5,500	\$ 9,000	\$ 15,950

Date	Accounts and Explanation	Debit	Credit
Dec. 31	Bad Debts Expense	29,750	
	Allowance for Bad Debts		29,750
	<i>Recorded bad debts expense for the period.</i>		

Allowance for Bad Debts

Unadj. Bal.	13,800	
		29,750 Adj.
		15,950 Dec. 31 2016 Bal.

Balance Sheet (Partial):

Current Assets:

Accounts Receivable	\$	215,000	
Less: Allowance for Bad Debts		(15,950)	\$ 199,050

15.	Date	Accounts and Explanation	Debit	Credit
	2016	Note Receivable—AVC Company	12,000	
	Dec. 6	Accounts Receivable—AVC Company		12,000
	Date	Accounts and Explanation	Debit	Credit
	2016	Interest Receivable	75	
	Dec. 31	Interest Revenue		75
	Date	Accounts and Explanation	Debit	Credit
	2016	Interest Revenue	75	
	Dec. 31	Income Summary		75
	Date	Accounts and Explanation	Debit	Credit
	2017	Cash	12,270	
	Mar. 6	Interest Receivable		75
		Interest Revenue		195
		Note Receivable—AVC Company		12,000
	Date	Accounts and Explanation	Debit	Credit
	2017	Note Receivable—Johnathon's Publishing	14,000	
	Jun. 30	Cash		14,000
	Date	Accounts and Explanation	Debit	Credit
	2017	Note Receivable—So Long Music	5,000	
	Oct. 2	Sales Revenue		5,000
	Date	Accounts and Explanation	Debit	Credit
	2017	Accounts Receivable—So Long Music	5,100	
	Dec. 1	Note Receivable—So Long Music		5,000
		Interest Revenue		100

Date	Accounts and Explanation	Debit	Credit
2017	Allowance for Bad Debts	5,100	
Dec. 1	Accounts Receivable—So Long Music		5,100
Date	Accounts and Explanation	Debit	Credit
2017	Cash	14,840	
Dec. 30	Note Receivable—Johnathon's Publishing		14,000
	Interest Revenue		840
