Soal 1

A trial balance before adjustment included the following:

	Debit	Credit
Accounts receivable	$80,000	
Allowance for doubtful accounts		730
Sales		$340,000
Sales returns and allowances	8,000	

Give journal entries assuming that the estimate of uncollectibles is determined by taking (1) 5% of gross accounts receivable and (2) 1% of net sales.

Soal 2

Accounts receivable in the amount of $250,000 were assigned to the Fast Finance Company by Marsh, Inc., as security for a loan of $200,000. The finance company charged a 4% commission on the face amount of the loan, and the note bears interest at 9% per year.

During the first month, Marsh collected $130,000 on assigned accounts. This amount was remitted to the finance company along with one month's interest on the note.

Instructions

Make all the entries for Marsh Inc. associated with the transfer of the accounts receivable, the loan, and the remittance to the finance company.

Soal 3

The trial balance before adjustment of Risen Company reports the following balances:

	Dr.	Cr.
Accounts receivable	$100,000	
Allowance for doubtful accounts		$ 2,500
Sales (all on credit)		750,000
Sales returns and allowances	40,000	

Instructions

(a) Prepare the entries for estimated bad debts assuming that doubtful accounts are estimated to be (1) 6% of gross accounts receivable and (2) 1% of net sales.

(b) Assume that all the information above is the same, except that the Allowance for Doubtful Accounts has a debit balance of $2,500 instead of a credit balance. How will this difference affect the journal entries in part (a)?

Soal 4

On December 31, 2010, Green Company finished consultation services and accepted in exchange a promissory note with a face value of $400,000, a due date of December 31, 2013, and a stated rate of 5%, with interest receivable at the end of each year. The fair value of the services is not readily determinable and the note is not readily marketable. Under the circumstances, the note is considered to have an appropriate imputed rate of interest of 10%.

The following interest factors are provided:

	Interest Rate	
Table Factors For Three Periods	5%	10%
Future Value of 1	1.15763	1.33100
Present Value of 1	.86384	.75132
Future Value of Ordinary Annuity of 1	3.15250	3.31000
Present Value of Ordinary Annuity of 1	2.72325	2.48685

Instructions

(a) Determine the present value of the note.
(b) Prepare a Schedule of Note Discount Amortization for Green Company under the effective interest method. (Round to whole dollars.)