

CHAPTER REVIEW

The performance objectives require you to write general journal entries, because those entries allow for the clearest analysis of the debits and credits in each transaction. The chapter review in your textbook repeats these entries, but to conserve space, it omits explanations. Ordinarily, any firm using a cash receipts and a cash payments journal would record any transactions involving cash in one of these journals.

1. Write the journal entry(ies) to:
 - (a) Record receipt of a note from a charge customer.
April 6 Received a note for \$840 from Hazen Plumbing and Heating in settlement of the sale of March 7, 30 days, 8 percent. For the journal entry of April 6, see page 559 in your textbook.
 - (b) Record receipt of payment of an interest-bearing note at maturity.
May 6 Received payment at maturity of principal plus interest on Hazen Plumbing and Heating's note. For the journal entry for May 6, see page 560 in your textbook.
 - (c) Record receipt of a note as a result of granting a personal loan.
April 8 Granted a loan to Brenda Paine, an employee, for \$450 for 3 months, 6 percent, dated April 8. For the journal entry for April 8, see page 560 in your textbook.
 - (d) Record receipt of a note in exchange for merchandise or other property.
April 9 Received a note for \$920 from C. T. Mills and Company for merchandise sold, 60 days, 7 percent, dated April 9. For the journal entry for April 9, see page 560 in your textbook.
 - (e) Record renewal of a note at maturity and payment of interest.
June 8 Received interest from C. T. Mills and Company on its note of April 9. Then it was agreed to renew the note by issuing a new note, 30 days, 8 percent, dated June 8. For the journal entries of June 8, see page 561 in your textbook.
 - (f) Record renewal of a note with payment of interest and partial payment of principal. Two examples are shown in your textbook (see page 561), one for a business with only a general journal and the other for a business with a cash receipts journal.
 - (g) Record a dishonored note receivable.
June 19 Barlow Building Supplies dishonored its note of April 20 for \$760 at 7 percent, 60 days. For the journal entry for June 19, see page 562 in your textbook.
 - (h) Record collection of a note receivable formerly dishonored..
July 19 Barlow Building Supplies paid its dishonored note, plus additional interest for 30 days at 7 percent. For the journal entry for July 19, see page 562 in your textbook.

(i) Record discounting an interest-bearing note receivable.

May 5 Discounted at Oliver National Bank the note received from Cozart Hardware, dated April 20, \$1,080, 8 percent, 60 days. The discount rate is 9 percent. For the journal entry for May 5, see page 562 in your textbook.

2. Complete a notes receivable register.

For each note, list the date, the maker, where the note is payable, the amount, the time period, the interest rate, the amount of interest, the due date, the date paid, and relevant remarks. For an example of a completed notes receivable register, see page 563 in your textbook.

3. Write journal entries to record the adjustment for accrued interest on notes receivable.

On page 563 in your textbook there is an adjusting entry for two notes: a \$9,000, 90-day, 8 percent note dated November 28, and a \$5,200, 60-day, 7 percent note dated December 20.