**Financial Accounting *Homework 8***

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**P 8-2 A**

***(a) Answer:***

The journal entries should be:

1. *Dr.* A/R $2,500,000

*Cr.* Sales Rev $2,500,000

1. *Dr.* Sales R&A $50,000

*Cr.* A/R $50,000

1. *Dr.* Cash $2,200,000

*Cr.* A/R $2,200,000

1. *Dr.* Allowance for D.A. $41,000

*Cr.* A/R $41,000

1. *Dr.* A/R $15,000

*Cr.* Allowance for D.A. $15,000

*Dr.* Cash $15,000

*Cr.* A/R $15,000

***(b) Answer:***

The T accounts should be:

|  |  |
| --- | --- |
| **A/R** | |
| Bal. $600,000  2,500,000  15,000 | $50,000  2,200,000  41,000  15,000 |
| Bal. **$ 809,000** |  |

|  |  |
| --- | --- |
| **Allowance for D.A.** | |
| $41,000 | Bal. $37,000  15,000 |
|  | Bal. **$11,000** |

***(c) Answer:***

The journal entry should be:

*Dr.* Bad Debts Exp $35,000

*Cr.* Allowance for D.A. $35,000

And the end balance of Allowance for D.A. should be:

***(d) Answer:***

We can compute like:

**P 8-8 A**

***(a) Answer:***

The journal entries should be:

July 5. *Dr.* A/R $4,500

*Cr.* Sales Rev $4,500

14. *Dr.* Cash $582

Service Charge Exp 18

*Cr.* Sales Rev $600

20. *Dr.* Cash $6,120

*Cr.* Int Rev $6,000\*90/360\*8%=120

N/R 6,000

24. *Dr.* Cash $7,930

*Cr.* Int Rev $7,800\*60/360\*10%=130

N/R 7,800

31. *Dr.* Int Receivable $50

*Cr.* Int Rev $50(10,000\*6%\*1/12)

***(b) Answer:***

The T accounts should be:

|  |  |
| --- | --- |
| **N/R** | |
| Bal. $23,800 | $6,000  7,800 |
| Bal. **$10,000** |  |

|  |  |
| --- | --- |
| **Interest Receivable** | |
| $50 |  |
| Bal. **$50** |  |

|  |  |
| --- | --- |
| **A/R** | |
| $4,500 |  |
| Bal. **$4,500** |  |

***(c) Answer:***

The balance sheet on July 31 should be:

|  |  |  |  |
| --- | --- | --- | --- |
| **Balance Sheet July 31, 2012** | | | |
| **Assets** | | | |
| **Current assets** |  |  |  |
| N/R |  | $10,000 |  |
| Interest Receivable |  | 50 |  |
| A/R |  | 4,500 |  |
| Total Receivables |  |  | $14,550 |