

Sunrise Electronics, owned by Mr. Loyd Cruz, engaged in selling home appliances.

The following are the transactions for the month of **January 2025**:

January

1. Mark invested cash ₱2,000,000 and computer equipment ₱150,000 to start the business.
2. Rented a store building and paid three months' rent in advance ₱120,000.
3. Purchased appliances for resale ₱800,000; paid 60% cash and the balance on account.
4. Sold appliances on account to Customer A (Invoice No. 01) ₱350,000.
5. Paid advertising expense ₱25,000 in cash.
6. Purchased office furniture ₱45,000 on account.
7. Received cash from Customer A ₱100,000 as partial settlement.
8. Paid salaries of employees ₱40,000.
9. Bought additional merchandise for resale ₱300,000, cash.
10. Mark withdrew ₱30,000 cash for personal use (drawing).
11. Paid utilities ₱18,500.
12. Sold appliances (Invoice No. 02) ₱420,000, customer paid 50% cash and balance on account.
13. Set up allowance for doubtful accounts equal to **3% of accounts receivable**.
14. Collected ₱150,000 from various customers.
15. Paid creditor ₱200,000 for previous merchandise purchased on account.
16. Purchased delivery truck for ₱600,000; paid ₱200,000 cash and signed a note payable for the balance.
17. Paid insurance premium for one year ₱36,000.
18. Wrote off a customer's account deemed uncollectible ₱12,000 (bad debt).
19. Paid ₱20,000 for repairs and maintenance of store equipment.
20. Received ₱50,000 miscellaneous income from old appliance disposal.
21. Paid remaining salaries ₱35,000.
22. Paid interest expense on bank loan ₱8,000.
23. Mark withdrew additional ₱15,000 worth of appliances for personal use.
24. Collected ₱90,000 from Customer B.
25. Paid the balance of rent payable ₱40,000.
26. Deposited additional cash investment by Mark ₱500,000.
27. Paid supplier ₱100,000 for partial settlement of account.
28. Sold appliances (Invoice No. 03) ₱280,000 all on account.
29. Paid utilities ₱12,500.
30. Paid end-of-month salaries ₱42,000.

Journal Entries:

1. Oct 1 — Owner's investment
 - Dr Cash 2,000,000
 - Dr Computer Equipment 150,000
 - Cr Capital — Mark Dela Cruz 2,150,000
2. Oct 2 — Rent paid in advance (3 months)
 - Dr Prepaid Rent 120,000
 - Cr Cash 120,000
3. Oct 3 — Purchase of merchandise ₱800,000 (60% cash, balance on account)

- Dr Inventory (or Purchases) 800,000
- Cr Cash 480,000
- Cr Accounts Payable 320,000
- 4. Oct 4 — Sale on account to Customer A (Invoice No. 01) ₱350,000
 - Dr Accounts Receivable 350,000
 - Cr Sales Revenue 350,000
- 5. Oct 5 — Advertising paid
 - Dr Advertising Expense 25,000
 - Cr Cash 25,000
- 6. Oct 6 — Office furniture purchased on account
 - Dr Office Furniture 45,000
 - Cr Accounts Payable 45,000
- 7. Oct 7 — Cash received from Customer A (partial) ₱100,000
 - Dr Cash 100,000
 - Cr Accounts Receivable 100,000
- 8. Oct 8 — Salaries paid
 - Dr Salaries Expense 40,000
 - Cr Cash 40,000
- 9. Oct 9 — Merchandise purchased for resale (cash) ₱300,000
 - Dr Inventory (or Purchases) 300,000
 - Cr Cash 300,000
- 10. Oct 10 — Owner's drawing (cash) ₱30,000
 - Dr Drawings (Owner's Withdrawals) 30,000
 - Cr Cash 30,000
- 11. Oct 11 — Utilities paid
 - Dr Utilities Expense 18,500
 - Cr Cash 18,500
- 12. Oct 12 — Sale ₱420,000 (50% cash, balance on account)
 - Dr Cash 210,000
 - Dr Accounts Receivable 210,000
 - Cr Sales Revenue 420,000
- 13. Oct 13 — Set up allowance for doubtful accounts = **3% of A/R** (calculation shown below)
 (AR as of Oct 13 = 350,000 – 100,000 + 210,000 = 460,000 → 3% = 13,800)
 - Dr Bad Debt Expense 13,800
 - Cr Allowance for Doubtful Accounts 13,800
- 14. Oct 14 — Collected cash from various customers ₱150,000
 - Dr Cash 150,000
 - Cr Accounts Receivable 150,000
- 15. Oct 15 — Paid creditor for previous merchandise ₱200,000
 - Dr Accounts Payable 200,000
 - Cr Cash 200,000
- 16. Oct 16 — Purchased delivery truck ₱600,000 (cash ₱200,000 + note ₱400,000)
 - Dr Delivery Truck (Vehicle) 600,000
 - Cr Cash 200,000
 - Cr Notes Payable (or Long-term/Short-term Note Payable) 400,000
- 17. Oct 17 — Prepaid insurance (1 year) ₱36,000
 - Dr Prepaid Insurance 36,000
 - Cr Cash 36,000

18. Oct 18 — Write off uncollectible account ₱12,000 (use allowance method)
 - Dr Allowance for Doubtful Accounts 12,000
 - Cr Accounts Receivable 12,000
19. Oct 19 — Repairs & maintenance paid
 - Dr Repairs & Maintenance Expense 20,000
 - Cr Cash 20,000
20. Oct 20 — Miscellaneous income (old appliance disposal) ₱50,000
 - Dr Cash 50,000
 - Cr Other Income / Miscellaneous Income 50,000
21. Oct 21 — Paid remaining salaries ₱35,000
 - Dr Salaries Expense 35,000
 - Cr Cash 35,000
22. Oct 22 — Interest expense paid ₱8,000
 - Dr Interest Expense 8,000
 - Cr Cash 8,000
23. Oct 23 — Owner withdrew appliances for personal use (in-kind drawing) ₱15,000
 - Dr Drawings (Owner's Withdrawals) 15,000
 - Cr Inventory 15,000
24. Oct 24 — Collected cash from Customer B ₱90,000
 - Dr Cash 90,000
 - Cr Accounts Receivable 90,000
25. Oct 25 — Paid balance of rent payable ₱40,000
 - Dr Rent Payable (or Rent Expense if appropriate) 40,000
 - Cr Cash 40,000
26. Oct 26 — Additional cash investment by owner ₱500,000
 - Dr Cash 500,000
 - Cr Capital — Mark Dela Cruz 500,000
27. Oct 27 — Paid supplier (partial settlement) ₱100,000
 - Dr Accounts Payable 100,000
 - Cr Cash 100,000
28. Oct 28 — Sale on account (Invoice No. 03) ₱280,000 (all on account)
 - Dr Accounts Receivable 280,000
 - Cr Sales Revenue 280,000
29. Oct 29 — Utilities paid ₱12,500
 - Dr Utilities Expense 12,500
 - Cr Cash 12,500
30. Oct 30 — End-of-month salaries paid ₱42,000
 - Dr Salaries Expense 42,000
 - Cr Cash 42,000