**Solution:**

(1)

|  |  |  |
| --- | --- | --- |
| JOURNAL ENTRY FOR WHIRLPOOL CORPORATION  (in thousands of $) | | |
| Particulars | Debit | Credit |
| Cash  To Sales Revenue  (Being record of sales) | 5,000 | 5,000 |
| Warranty Expense  To Liability for Warranty  (Being liability for warranty on sales) | 150 | 150 |
| Liability for Warranty  To Cash  (Being actual cash disbursement for liabilities) | 144 | 144 |

(2)

|  |  |  |
| --- | --- | --- |
| JOURNAL ENTRY FOR PEPSI CO.  (in thousands of $) | | |
| Particulars | Debit | Credit |
| Cash  To Deposits Payable  (Being record of returnable bottles) | 72 | 72 |
| Deposits Payable  To Cash  (Being return of bottles.) | 68 | 68 |

(3)

|  |  |  |
| --- | --- | --- |
| JOURNAL ENTRY FOR CITIBANK  (in thousands of $) | | |
| Particulars | Debit | Credit |
| Cash  To Liabilities for Deposits  (Being record of deposit by customer.) | 14 | 14 |
| Interest Expense  To Liabilities for Deposits  (Being interest gained on savings account.) | 0.28 | 0.28 |
| Liability for Deposits  To Cash  (Being closing of the bank account.) | 14.28 | 14.28 |

(Note: July 1 of next year is considered, so interest expense for a full year has been recorded.)

(4)

(a)

The effect on the balance sheet is as follows:

|  |  |  |
| --- | --- | --- |
| Assets = | Liabilities + | Stockholders’ Equity |
| +$180,000  (cash) | +$180,000  (unearned revenue) |  |

The journal entry can also be written in a similar fashion.

(b)

The effect on the balance sheet is as follows:

|  |  |  |
| --- | --- | --- |
| Assets = | Liabilities + | Stockholders’ Equity |
|  | -$30,000  (unearned revenue) | +$30,000  (sales revenue) |

The journal entry can also be written in a similar fashion.

(5)

Since there is a very high chance of getting turned over, the newspaper can choose to ignore the lawsuit as a liability. It can appear in footnotes, as per the U.S. GAAP.