**Problem 1**

Presented below are various receivable transactions entered into by Brewer Tool Company. Indicate whether the receivables are reported as accounts receivable, notes receivable, or other receivables on the balance sheet.

1. Loaned a company officer $4,000 \_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Accepted a $2,000 promissory note from a customer as payment on account. \_\_\_\_\_\_\_\_\_\_\_\_
3. Determined that $10,000 income tax refund is due from the IRS. \_\_\_\_\_\_\_\_\_\_\_
4. Sold goods to a customer on account for $5,000 \_\_\_\_\_\_\_\_\_
5. Recorded $500 accrued interest on a note receivable due next year. \_\_\_\_\_\_\_\_\_\_\_\_
6. Made an American Express credit card sale for $3,000
7. Advanced $1,000 to a trusted employee \_\_\_\_\_\_\_\_\_\_\_

**Problem 2**

On October 1st, 2008. Foster Company establishes an imprest petty cash fund by issuing a check for $300 to Mary Mann, the custodian of the petty cash fund. On October 31, 2008, Mary Mann submitted the following paid petty cash receipts for replenishment of the petty cash fund when there is a $55 cash in the fund:

Freight-In 57

Office Supplies Expense 55

Entertainment of Cliente 90

Postage expense 40

Insturctions:

Prepare the journal entries required to establish the petty cash fund on October 1st and the replenishment of the fund on October 31st.

**Problem 3**

Ogleby Boat Company’s bank statement for the month of September showed a balance per bank of $8,000. The company’s Cash account in the general ledger had a balance of $6,459 at September 30. Other information is as follows:

1. Cash receipts for September 30 recorded on the company’s books were $7,700 but this amount does not appear on the bank statement.
2. The bank statement shows a debit memorandum for $40 for check printing charges.
3. Check No. 119 payable to Lann Company was recored in the cash payments journal and cleared the bank for $248. A review of the accounts payable subsidiary ledger shows a $36 credit balance in the account of Lann Company and that the payment to them should have been for $284.
4. The Total amount of checks still outstanding at September 30 amounted to $6,000
5. Check No. 138 was correctly written and paid by the bank for $408. The cash payment journal reflects an entry for Check No. 138 as a debit to Accounts Payable and a credit to Cash in Bank for $490.
6. The bank returned an NSF check from a customer for $360.
7. The bank included a credit memorandum for $1,560 which represents collection of a customer’s note by the bank for the company; principal amount of the note was $1,500 and interest was $60. Interest has not been accrued.

Instructions:

1. Prepare a bank reconciliation for Ogleby Boat company at September 30.
2. Prepare any adjusting entries necessary as a result of the bank reconciliation.

**Problem 4**

The following information is available for Wenger Company

Beginning accounts receivable $800,000
Ending accounts receivable 1,200,000
Net sales 10,000,000

Instructions:

Compute the receivables turnover ratio and the average collection period.

**Problem 5**

Brama distributors has the following transactions related to notes receivable during the last two months of the year.

Dec. 1st Loaned $120,000 cash to E. Hoffer on a 1-year, 6% note.
Dec. 2nd Sold goods to J. Smith, receiving a $24,000, 60-day, 7% note.
Dec. 31st Accrued interest revenue on all notes receivable.

Instructions:

Journalize the transactions for Brama Distributors.

**Problem 6**

Lloyd Products is undecided about which base to use in estimating uncollectible accounts. On December 31st, 2008. The balance in accounts receivable was $680,00 and the net credit sales amounted to $3,500,000 during 2008. An aging analysis of the accounts receivable indicated that $36,000 in accounts are expected to be uncollectible. Past experience has shown that about 1% of net credit sales eventually are uncollectible.

Instructions:

Prepare the adjusting entries to record estimated bad debts expense using the (1) percentage of sales basis and (2) the percentage of receivables basis under each of the following independent assumptions:

1. Allowance for Doubtful accounts has a credit balance of $3,200 before adjustment.
2. Allowance for Doubtful accounts has a credit balance of $730 before adjustment.