**9-2A**

Ming Company began operations on January 1, 2008. During its first two years, the company completed a number of transactions involving sales on credit, accounts receivable collections, and bad debts. These transactions are summarized as follows.

**2008**

1. Sold $1,347,700 of merchandise (that had cost $982,500) on credit, terms n/30
2. Wrote off $20,676 of uncollectible accounts receivable
3. Received $671,100 cash in payment of accounts receivable
4. In adjusting the accounts on December 31, the company estimated that 1.3% of accounts receivable will be uncollectible

**2009**

1. Sold 1,517,800 of merchandise (that had cost $1,302,200) on credit, terms n/30
2. Wrote off $32,624 of uncollectible accounts receivable.
3. Received 1,118,100 cash in payment of accounts receivable
4. In adjusting the accounts on December 31, the company estimated that 1.3% of accounts receivable will be uncollectible

**Required**

Prepare journal entries to record Ming’s 2008 and 2009 summarized transactions and its year-end-adjustments to record bad debts expense. (The company uses the perpetual inventory system. Round amounts to the nearest dollar.)

**Problem 9-5A**

The following selected transactions are from Chantay Company

**2008**

**DEC. 16** accepted a $14,400, 60- day, 8% note dated this day in granting Adam Bakko a time extension on his past-due account receivable.

**DEC. 31** made an adjusting entry to record the accrued interest on the Bakko note.

**2009**

**Feb. 14** Received Bakko’s payment of principal and interest on the note dated December 16.

**Mar. 2** accepted an $8,000, 9% 90-day note dated this day in granting a time extension on the past due account receivable from Mayday CO.

**Mar. 17** accepted a $2,200, 30-day, 6% note dated this day in granting Carrie Kadin a time extension on her past-due account receivable.

**April. 16** Kadin dishonored her note when presented for payment.

**June 2**. Mayday Co. refuses to pay the note that was due to Chantay CO. on May 31. Prepare the journal entry to charge the dishonored note plus accrued interest to Mayday Co.’s accounts receivable.

**July 17** received payment from Mayday Co. for the maturity value of its dishonored note plus interes for 46 days beyond maturity at 9%.

**Aug. 7** accepted an $8,400, 90-day, 12% note dated this day in granting a time extension on the past due account receivable of Trenton Co.

**Sept. 3** accepted a $3,335, 60-day, 9% note dated this day in granting Collin Marin a time extension on his past-due account receivable.

**Nov. 2** received payment of principle plus interest from Marin for the September 3 note.

**Nov. 5** received payment of principle plus interest from Trenton for the August 7 note.

**Dec. 1** wrote off the Carrie Kadin account against Allowance for Doubtful Accounts.

**Required**

1. Prepare journal entries to record these transactions and events. (Round amounts to the nearest dollar.)

***Analysis Component***

1. What reporting is necessary when a business pledges receivables as security for a loan and the loan is still outstanding at the end of the period? Explain the reason for this requirement and the accounting principle being satisfied.

**Problem 10-3A**

Maxil Contractors completed the following transactions and events involving the purchase and operation of equipment in its business.

**2008**

**Jan. 1.** Paid $293,660 cash plus $11,740 in sales tax and $1,500 in transportation (FOB shipping point) for a new loader. The loader is estimated to have a four-year life and a $36,000 salvage value. Loader cost are recorded in the equipment account.

**Jan 3** Paid $5,100 to enclose the cab and install air conditioning in the loader to enable operations under harsher conditions. This increased the estimated salvage value of the loader by another $1,000

**Dec 31** recorded annual straight-line depreciation on the loader.

**2009**

**Jan. 1** Paid $4,500 to overhaul the loader’s engine, which increased the loader’s estimated useful life by two years

**Feb. 17** Paid $1,125 to repair the loader after the operator backed it into a tree.

**Dec**. **31** Recorded annual straight-line depreciation on the loader

***REQUIRED***

Prepare journal entries to record these transactions and events.

**PROBLEM 10-1B**

Clinton Company negotiates a lump-sum purchase of several assets from a contractor who is relocating. The purchase is completed on January 1, 2009 at a total cash price of $930,000 for a building, land, land improvements, and four trucks. The estimated market value of the assets are building, $469,200; land, $303,600; land improvements, $36,800; and four trucks, $110,400. The company’s fiscal year ends on December 31.

**Required**

1. Prepare a table to allocate the lump-sum purchase price to the separate assets purchased. Prepare the journal entry to record the purchase.
2. Compute the depreciation expense for year 2009 on the building using the straight-line method, assuming a 15-year life and a $30,000 salvage value.
3. Compute the depreciation expense for a year 2009 on the land improvements assuming a five-year life and double-declining balance depreciation.

***Analysis Component***

1. Defend or refute this statement: Accelerated depreciation results in payment of more taxes over the asset’s life.