

Answers to Study Guide Questions

CHAPTER 15

PART 1 True False

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|------|-------|
| 1. T | 6. F |
| 2. F | 7. F |
| 3. T | 8. F |
| 4. F | 9. F |
| 5. T | 10. F |

PART 2 Completion—Language of Business

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|--|---------------------|
| 1. contingent liability | 6. Other Income |
| 2. notes receivable register | 7. current asset |
| 3. maturity value | 8. payee |
| 4. principal \times rate \times time | 9. accrued interest |
| 5. Notes Receivable | 10. proceeds |

PART 3 Formula for Computing the Cash to be Received from a Discounted Note Receivable

1. Interest
2. Maturity Value
3. Discount
4. Proceeds

PART 4 Calculations

1. \$146.25 ($\$13,000 \times 0.09 \times 45/360$)
2. August 29 (May 31 - 1 = 30 + 30 June + 31 July = 91; 120 - 91 = Aug. 29)
3. \$9,067.50 [$(\$9,000 \times 0.09 \times 30/360) + 9,000$]
4. 59 days (April 30 - 5 = 25 + 6 = 31; 90 - 31 = 59 days bank held)
5. \$7,580.66 ($\$7,500 \times 0.095 \times 60/360 = \$118.75 + \$7,500$)
($\$7,618.75 \times 0.09 \times 20/360 = \38.90 discount)
($\$7,618.75 - \$38.09 = \$7,580.66$ proceeds)