

## B-12.03

On October 1, 20X4, Farmer Engineering Services purchased a new laser surveying instrument. Farmer paid \$5,000 down and executed the following promissory note:

FOR VALUE RECEIVED, the undersigned promises to pay to the order of **Laser Equipment Company** the sum of:

**\*\*\*\*\*TWENTY-THOUSAND AND NO/100 Dollars\*\*\*\*\* (\$20,000)**

with annual interest of **10%** on any unpaid balance. This note shall mature and be payable, along with accrued interest, on **September 30, 20X5**.

**October 1, 20X4**

Issue Date

***J.D. Farmer*** *Farmer Engineering*

Signature

- (a) Prepare the appropriate journal entry to record the purchase on October 1, 20X4.
- (b) Prepare the appropriate journal entry to record the year-end interest accrual on December 31, 20X4.
- (c) Prepare the appropriate journal entry to record the payment of the note and accrued interest on September 30, 20X5.