

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

<i>Promissory note</i>	
For value received, the undersigned promises to pay to the order of Laser Equipment Company	
the sum of:	*****Twenty-Thousand and no/100 Dollars***** (\$20,000.00)
Along with annual interest of 10% on the unpaid balance. This note shall mature and be payable, along with accrued interest, on September 30, 20X5.	
<u>October 1, 20X4</u> Issue Date	<u>J.D. Farmer Farmer Engineering</u> Maker 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.