

# Problem 1

Alpine Medical Corporation (AMC) accepts credit card payments from its patients. Following are the batched transactions for May 19.

- 1) Total charges on MoreMoney and Wind credit cards were \$42,000. These cards are “bank cards” and AMC receives daily cash settlement directly to its bank account, net of service charges of 1.5%.
- 2) Total charges on EuropeanExpress cards were \$6,000. This card is not a bank card, and settlement does not occur until approximately two weeks following the date of the transaction. EuroExpress is known to charge a 4% fee, and this amount is recorded on the day of sale.

Prepare journal entries for the credit card transactions. Be sure to include a separate entry for the eventual collection of the EuroExpress charges.

## Worksheet 1

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
19-May			
	Sold merchandise on "bank card;" same day funding, net of fee of 1.5% assessed by bank		
19-May			
	Sold merchandise on "nonbank card," recorded 4% fee		
2-Jun			
	<i>Collected amount due from credit card company</i>		

## Solution 1

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
19-May	Cash	41,370	
	Service Charge	630	
	Sales		42,000
	Sold merchandise on "bank card;" same day funding, net of fee of 1.5% assessed by bank		
19-May	Accounts Receivable	5,760	
	Service Charge	240	
	Sales		6,000
	Sold merchandise on "nonbank card," recorded 4% fee		
2-Jun	Cash	5,760	
	Accounts Receivable		5,760
	<i>Collected amount due from credit card company</i>		