

Notes payable and Notes receivable						
Information: $\text{INTEREST} = \text{PRINCIPAL} \times \text{INTEREST RATE} \times \text{TIME FRACTION}$						
Company A issued notes payable to Company B from the borrowing transaction.						
Issuance date		Apr. 1, 20X1		Interest rate per year		12%
Maturity date		Mar. 31, 20X3		Interest payment dates - <i>Semiannually</i>		Mar. 31 and Sept. 30
Note term		2 years		Principal		1,000,000
Notes payable (Liability) - A				Notes receivable (Asset) - B		
Date	General Journal	Debit	Credit	General Journal	Debit	Credit
04-01-X1	Dr. Cash (A+)	1,000,000		Dr. Notes receivable (A+)	1,000,000	
	Cr. Notes payable (L+)		1,000,000	Cr. Cash (A-)		1,000,000
09-30-X1	Dr. Interest expense (EXP+, E-)	60,000		Dr. Cash (A+)	60,000	
	Cr. Cash (A-)		60,000	Cr. Interest revenue (REV+, E+)		60,000
12-31-X1	Dr. Interest expense (EXP+, E-)	30,000		Dr. Interest receivable (A+)	30,000	
	Cr. Interest payable (L+)		30,000	Cr. Interest revenue (REV+, E+)		30,000
03-31-X2	Dr. Interest expense (EXP+, E-)	30,000		Dr. Cash (A+)	60,000	
	Interest payable (L-)	30,000		Cr. Interest revenue (REV+, E+)		30,000
	Cr. Cash (A-)		60,000	Interest receivable (A-)		30,000
09-30-X2	Dr. Interest expense (EXP+, E-)	60,000		Dr. Cash (A+)	60,000	
	Cr. Cash (A-)		60,000	Cr. Interest revenue (REV+, E+)		60,000
12-31-X2	Dr. Interest expense (EXP+, E-)	30,000		Dr. Interest receivable (A+)	30,000	
	Cr. Interest payable (L+)		30,000	Cr. Interest revenue (REV+, E+)		30,000
03-31-X3	Dr. Interest expense (EXP+, E-)	30,000		Dr. Cash (A+)	60,000	
	Interest payable (L-)	30,000		Cr. Interest revenue (REV+, E+)		30,000
	Cr. Cash (A-)		60,000	Interest receivable (A-)		30,000
	Dr. Notes payable (L-)	1,000,000		Dr. Cash (A+)	1,000,000	
	Cr. Cash (A-)		1,000,000	Cr. Notes receivable (A-)		1,000,000