

Name _____ Date _____ B

Discussion Section _____ Row _____ Seat _____

PRINCIPLES OF FINANCIAL ACCOUNTING I
Chapter 9 – Receivables
Fall 2014

“As a student of ORU, I hereby pledge my full and hearty support to the Honor Code. I agree not only to be honest myself but to report all cases of dishonesty that are observed by me.”

Analyze each of the following items carefully before writing your answer in the blank at the right:

1. A 4-month note dated May 31 will be due on _____
2. A 90-day note dated June 18 will be due on _____
3. The interest on a \$500 note at 6% for 120 days is _____
4. What is the classification of the Allowance for Doubtful Accounts account? _____
5. In writing off an uncollectible account by the allowance method, the account credited would be _____
6. Does the “allowance method” or the “direct write-off method” of accounting for uncollectible accounts provide for the least matching of expenses and revenue in the same period of time? _____
7. In writing off an uncollectible account by the allowance method, the account debited would be _____
8. Allowance for Doubtful Accounts has a credit balance of \$650 at the end of the year before adjustment. Sales for the year amounted to \$445,300 and Sales Returns and Allowances amounted to \$5,400. Based on an analysis of receivables it is determined that doubtful accounts are estimated to be \$5,400, the amount of the necessary adjusting entry would be _____
9. If, instead of an analysis of receivables, the entry in Question 8 had estimated that uncollectible accounts expense was 2% of the net sales, the amount of the appropriate adjusting entry would be _____
10. On December 31 after adjusting entries have been made, Accounts Receivable has a \$60,000 balance, Allowance for Doubtful Accounts a \$4,000 normal balance, and Bad Debts Expense has a \$6,000 balance. The “cash realizable value” of Accounts Receivable is _____

When you finish, please put your paper at the end of your row face down to your LEFT.

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Analyze each of the following items carefully before writing your answer in the blank at the right:

1. A 4-month note dated May 31 will be due on Sept 30
2. A 90-day note dated June 18 will be due on Sept 16
3. The interest on a \$500 note at 6% for 120 days is \$10
4. What is the classification of the Allowance for Doubtful Accounts account? Contra Asset OR
Contra Receivables
5. In writing off an uncollectible account by the allowance method, the account credited would be Accts Receivable
6. Does the “allowance method” or the “direct write-off method” of accounting for uncollectible accounts provide for the least matching of expenses and revenue in the same period of time? direct write-off
7. In writing off an uncollectible account by the allowance method, the account debited would be Allow for Doubtful Accts
8. Allowance for Doubtful Accounts has a credit balance of \$650 at the end of the year before adjustment. Sales for the year amounted to \$445,300 and Sales Returns and Allowances amounted to \$5,400. Based on an analysis of receivables it is determined that doubtful accounts are estimated to be \$5,400, the amount of the necessary adjusting entry would be \$4,750
9. If, instead of an analysis of receivables, the entry in Question 8 had estimated that uncollectible accounts expense was 2% of the net sales, the amount of the appropriate adjusting entry would be \$8,798
10. On December 31 after adjusting entries have been made, Accounts Receivable has a \$60,000 balance, Allowance for Doubtful Accounts a \$4,000 normal balance, and Bad Debts Expense has a \$6,000 balance. The “cash realizable value” of Accounts Receivable is \$56,000

When you finish, please put your paper at the end of your row face down to your LEFT.