

Name _____ Date _____ A

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 3-month note dated January 31 will be due on _____
2. A 90-day note dated May 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 better matching of expenses and revenue in the same period of time? _____
7. In writing off an uncollectible account by the direct write-off method, the account debited would be _____
8. Allowance for Doubtful Accounts has a debit balance of \$750 at the end of the year before adjustment. Sales for the year amounted to \$305,500 and Sales Returns and Allowances amounted to \$5,500. If uncollectible accounts expense is estimated at 1% of net sales, the amount of the necessary adjusting entry would be _____
9. If, instead of a percentage of sales, the adjusting entry in Question 8 is based on an analysis of receivables that indicates doubtful accounts of \$4,100, the amount of the appropriate adjusting entry would be _____
10. On December 31 after adjusting entries have been made, Accounts Receivable has a \$90,000 balance, Allowance for Doubtful Accounts a \$3,000 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 3-month note dated January 31 will be due on April 30
2. A 90-day note dated May 18 will be due on August 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 better matching of expenses and revenue in the same period of time? Allowance Method
7. In writing off an uncollectible account by the direct write-off method, the account debited would be Bad Debts Expense
8. Allowance for Doubtful Accounts has a debit balance of \$750 at the end of the year before adjustment. Sales for the year amounted to \$305,500 and Sales Returns and Allowances amounted to \$5,500. If uncollectible accounts expense is estimated at 1% of net sales, the amount of the necessary adjusting entry would be \$3,000
9. If, instead of a percentage of sales, the adjusting entry in Question 8 is based on an analysis of receivables that indicates doubtful accounts of \$4,100, the amount of the appropriate adjusting entry would be \$4,850
10. On December 31 after adjusting entries have been made, Accounts Receivable has a \$90,000 balance, Allowance for Doubtful Accounts a \$3,000 normal balance, and Bad Debts Expense has a \$6,000 balance. The “cash realizable value” of Accounts Receivable is \$87,000

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