

Practices

1. Johnson Co. uses the percentage-of-receivables basis to record bad debts expense. It estimates that 1% of accounts receivable will become uncollectible. Accounts receivable are \$450,000 at the end of the year, and the allowance for doubtful accounts has a credit balance of \$1,500.

(a) Prepare the adjusting journal entry to record bad debts expense for the year.

(b) If the allowance for doubtful accounts had a debit balance of \$800 instead of a credit balance of \$1,500, determine the amount to be reported for bad debts expense.

2. Roeher Company sold \$9,000 of its specialty shelving to Elkins Office Supply Co. on account. Prepare the entries when (a) Roeher makes the sale, (b) Roeher grants an allowance of \$700 when some of the shelving does not meet exact specifications but still could be sold by Elkins, and (c) at year-end; Roeher estimates that an additional \$200 in allowances will be granted to Elkins.

3. The trial balance before adjustment of Taylor Swift Inc. shows the following balances.

Dr.		Cr.
Accounts Receivable	\$90000	
Allowance for Doubtful Accounts	1750	
Sales Revenue (all on credit)		\$68000

Instructions

Give the entry for estimated bad debts assuming that the allowance is to provide for doubtful accounts on the basis of (a) 4% of gross accounts receivable and (b) 5% of gross accounts receivable and Allowance for Doubtful Accounts has a \$1,700 credit balance.

4. The following information is extracted from Baghdad Co.

a) Balance of accounts receivable at 31/12/2015 IQD150000, Allowance for doubtful accounts IQD 10000.

b) On 1/4/2016 sold goods for IQD 70000.

c) On 1/6/2016 Collections of accounts receivable IQD 50000.

d) On 10/8/2016 estimated that bad-debt of IQD 25000.

e) On 10/8/2016 Write-offs of accounts receivable deemed uncollectible IQD 30000.

Instructions

(a) Prepare the journal entries to record each of these five transactions.

(b) Post the entries to the general ledger.

5. The following information is extracted from AL-Iraqi Co. records in 1/1/2016 ; Accounting receivables IQD90000, Allowance for doubtful accounts IQD 10000. Below the following transactions occurred during the year.

b) On 1/4/2016 sold goods for IQD 20000.

c) On 1/6/2016 Collections of accounts receivable IQD 30000.

d) On 10/8/2016 estimated that bad-debt of IQD 9000.

e) On 10/8/2016 Write-offs of accounts receivable deemed uncollectible IQD 15000.

Instructions

(a) Prepare the journal entries to record each of these five transactions.

(b) Post the entries to the general ledger.