

Question 1

Receivables are frequently classified as accounts receivable, notes receivable, and other receivables.

Receivables are frequently classified as:

- accounts receivable and general receivables.
- accounts receivable, notes receivable, and employee receivables.
- accounts receivable, notes receivable, and other receivables.**
- accounts receivable, company receivables, and other receivables.

Question 2

Buehler Company on June 15 sells merchandise on account to Chaz Co. for \$1,000, terms 2/10, n/30. On June 20, Chaz Co. returns merchandise worth \$300 to Buehler Company. On June 24, payment is received from Chaz Co. for the balance due. What is the amount of cash received?

- \$700
- \$680
- \$686**
- None of the above

Question 3

Which of the following approaches for bad debts is best described as a balance sheet method?

- percentage-of-sales basis
- percentage-of-receivables basis**
- Both percentage-of-receivables basis and direct write-off method
- direct write-off method

Question 4

Hughes Company has a credit balance of \$5,000 in its Allowance for Doubtful Accounts before any adjustments are made at the end of the year. Based on the review and aging of its accounts receivable at the end of the year, Hughes estimates that \$60,000 of its receivables are uncollectible. The amount of bad debts expense which should be reported for the year is:

- \$55,000.
- \$65,000.
- \$5,000.
- \$60,000.

Question
5

The amount of bad debt expense is \$65,000. By crediting Allowance for Doubtful Accounts for \$65,000, the new balance will be the required balance of \$60,000. This adjusting entry debits Bad Debt Expense for \$65,000 and credits Allowance for Doubtful Accounts for \$65,000.

Hughes Company has a debit balance of \$5,000 in its Allowance for Doubtful Accounts before any adjustments are made at the end of the year. Based on the review and aging of its accounts receivable at the end of the year, Hughes estimates that \$60,000 of its receivables are uncollectible. The amount of bad debts expense which should be reported for the year is:

- \$60,000.
- \$55,000.
- \$65,000.
- \$5,000.

Question
6

Net sales times the percentage expected to default gives the amount of bad debt expense for the year ($\$800,000 \times 1.5\% = \$12,000$). Because this adjusting entry credits Allowance for Doubtful Accounts, the balance after adjustment is \$27,000 ($\$15,000 + \$12,000 = \$27,000$).

Net sales for the month are \$800,000, and bad debts are expected to be 1.5% of net sales. The company uses the percentage-of-sales basis. If the Allowance for Doubtful Accounts has a credit balance of \$15,000 before adjustment, what is the balance after adjustment?

- \$23,000

- \$15,000
- \$31,000
- \$27,000

**Question
7**

The accounts written off during the year will result in a \$30,000 debit to Allowance for Doubtful Accounts. The adjusting entry for bad debts will include a \$22,500 credit ($\$750,000 \times 3\%$) to Allowance for Doubtful Accounts. Combining the beginning balance of \$18,000 credit, the \$30,000 debit and the \$22,500 credit leaves a credit balance of \$10,500 in the Allowance account.

In 2011, Roso Carlson Company had net credit sales of \$750,000. On January 1, 2011, Allowance for Doubtful Accounts had a credit balance of \$18,000. During 2011, \$30,000 of uncollectible accounts receivable were written off. Past experience indicates that 3% of net credit sales become uncollectible. What should be the adjusted balance of Allowance for Doubtful Accounts at December 31, 2011?

- \$10,050
- \$40,500
- \$10,500
- \$22,500

**Question
8**

Accounts receivable less the expected uncollectible amount equals the cash realizable value of \$735,000 ($\$800,000 - \$65,000$).

An analysis and aging of the accounts receivable of Prince Company at December 31 reveals the following data.

Accounts receivable	\$800,000
Allowance for doubtful accounts per books before adjustment	50,000
Amounts expected to become uncollectible	65,000

The cash realizable value of the accounts receivable at December 31, after adjustment, is:

- \$800,000.