Solutions to Chapter 9 Exercises

Accounting Issues Related to Accounts Receivable



March 1 Accounts Receivable—Dodson Company 5,000

 Sales Revenue 5,000

 3 Sales Returns and Allowances 500

 Accounts Receivable—Dodson

    Company 500

 9 Cash ($4,500 − $90) 4,410

 Sales Discounts (2% × $4,500) 90

 Accounts Receivable—Dodson

    Company 4,500

 15 Accounts Receivable 400

 Sales Revenue 400

 31 Accounts Receivable ($4,000 × 1.5 × 1/2) 3

 Interest Revenue 3



EXERCISE 9-3

(a) Dec. 31 Bad Debt Expense 1,400

 Accounts Receivable—L. Dole 1,400

(b) (1) Dec. 31 Bad Debt Expense

   [($840,000 – $20,000) X 1%] 8,200

 Allowance for Doubtful

   Accounts 8,200

 (2) Dec. 31 Bad Debt Expense 8,900

 Allowance for Doubtful Accounts

   [($110,000 X 10%) – $2,100] 8,900

(c) (1) Dec. 31 Bad Debt Expense

   [($840,000 – $20,000) X .75%] 6,150

 Allowance for Doubtful

   Accounts 6,150

 (2) Dec. 31 Bad Debt Expense 6,800

 Allowance for Doubtful Accounts

   [($110,000 X 6%) + $200] 6,800



EXERCISE 9-4

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| (a) | Accounts Receivable |  | Amount |  | % |  | Estimated Uncollectible |
|  |  |  |  |  |  |  |  |
|  | 1–30 days31–60 days61–90 daysOver 90 days |  | $60,000 17,600  8,500  7,000 |  |  2.0 5.020.050.0 |  | $1,200   880 1,700 3,500$7,280 |

(b) Mar. 31 Bad Debt Expense 6,080

 Allowance for Doubtful Accounts

   ($7,280 – $1,200) 6,080



EXERCISE 9-5

Allowance for Doubtful Accounts 11,000

 Accounts Receivable 11,000

Accounts Receivable 1,800

 Allowance for Doubtful Accounts 1,800

Cash 1,800

 Accounts Receivable 1,800

Bad Debt Expense 13,200

 Allowance for Doubtful Accounts

 [$19,000 – ($15,000 – $11,000 + $1,800)] 13,200