

3.

value:

1.00 points

Raintree Cosmetic Company sells its products to customers on a credit basis. An adjusting entry for bad debt expense is recorded only at December 31, the company's fiscal year-end. The 2015 balance sheet disclosed the following:

Current assets:

Receivables, net of allowance for uncollectible accounts of \$44,000	\$502,000
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During 2016, credit sales were \$1,820,000, cash collections from customers \$1,900,000, and \$53,000 in accounts receivable were written off. In addition, \$4,400 was collected from a customer whose account was written off in 2015. An aging of accounts receivable at December 31, 2016, reveals the following:

Age Group	Percentage of Year-End Receivables in Group	Percent Uncollectible
0–60 days	65%	4%
61–90 days	15	10
91–120 days	15	30
Over 120 days	5	50

Required:

1. Prepare summary journal entries to account for the 2016 write-offs and the collection of the receivable previously written off. (If no entry is required for a transaction/event, select "No journal entry required" in the first account field.)

[view transaction list](#)
[journal entry worksheet](#)

Event	General Journal	Debit	Credit
1	Allowance for uncollectible accounts	53,000	
	Accounts receivable		53,000
2	Accounts receivable	4,400	
	Allowance for uncollectible accounts		4,400
3	Cash	4,400	
	Accounts receivable		4,400

2. Prepare the year-end adjusting entry for bad debts according to each of the following situations:
- Bad debt expense is estimated to be 3% of credit sales for the year.
 - Bad debt expense is estimated by computing net realizable value of the receivables. The allowance for uncollectible accounts is estimated to be 10% of the year-end balance in accounts receivable.
 - Bad debt expense is estimated by computing net realizable value of the receivables. The allowance for uncollectible accounts is determined by an aging of accounts receivable.
- (If no entry is required for a transaction/event, select "No journal entry required" in the first account field.)**

[view transaction list](#)

[journal entry worksheet](#)

Transaction	General Journal	Debit	Credit
a.	Bad debt expense	54,600	
	Allowance for uncollectible accounts		54,600
b.	Bad debt expense	36,900	
	Allowance for uncollectible accounts		36,900
c.	Bad debt expense		
	Allowance for uncollectible accounts		

3. For situations (a)–(c) in requirement 2 above, what would be the net amount of accounts receivable reported in the 2016 balance sheet?

	Net account receivable reported
a.	
b.	
c.	