Solution:

(1)

The effect on balance sheet is as follows:

Transaction	Effect on Balance Sheet Equation		
	Assets =	Liabilities +	Stockholders' Equity
Sales to customer	+$300 (bank card receivable)		+$300 (sales)
Deposit of slip	-$300 (bank card receivable) +$288 (cash)		-$12 (bank charges)

(2)

If sales do not change, then there should be $400,000 from cash & $400,000 from card sales.

Since card sales is $400,000, deposit of slips will result in bank charges of $16,000 (4% of sales).

Thus, the sales that is projected under use of card will be

$400,000 (cash) + $400,000 (card) - $16,000 (bank charges) = **$784,000**

If she did not use cards, then $13,000 would have been deemed as amounts that could not be recovered. Thus, the sales that is without card sales is

$800,000 (cash) - $13,000 (uncollectible/expenses) = **$787,000**

Clearly, not using card results in higher revenue compared to using card.

Thus, Michelle Lebeck should not adopt bank card if sales do not increase.

(3)

If sales increase by 10%, then total sales will be $880,000, of which $440,000 is cash and $440,000 is from the bank card sales.

From the $440,000 bank card sales, there is $17,600 deducted by bank.

Thus, the net revenue is:

$440,000 (cash) + $440,000 (bank card) - $17,600 (bank card) = **$862,400**

This is considerably higher than $787,000 calculated previously without card.

Thus, Michelle Lebeck should use the card if the sales increase by 10%.