

Solution:

(1)(a) Impact on the balance sheet is as follows:

Transaction	Effect on Balance Sheet Equation		
	Assets =	Liabilities +	Stockholders' Equity
Addition of allowance	-\$214 million (allowance)		-\$214 million (bad debt expense)
Write-off of accounts	+\$182 million (allowance) -\$182 million (accounts receivable)		

(b)

Particulars	Debit ¹	Credit ¹
Bad Debt Expense To Allowances	214	214
Allowances To Accounts Receivable	182	182
¹ All amounts are in millions of \$		

(2)

Allowance = \$133 + \$214 (added) - \$182 (written off) = \$235

Thus, allowance is \$235 million.

(3)(a) Impact on the balance sheet is as follows:

Transaction	Effect on Balance Sheet Equation		
	Assets =	Liabilities +	Stockholders' Equity
Write-off of accounts	-\$182 million (accounts receivable)		-\$182 million (bad debts expense)

(b)

Particulars	Debit ¹	Credit ¹
Bad Debts Expense To Accounts Receivable	182	182
¹ All amounts are in millions of \$		

(4)

It would have accounts receivable with $\$5,427 + \$133 - \$182 = \$5,378$ million on it, alone.