

### A/R Handout

1. The following are the year-end amounts for Forsberg Suites

	<u>2013</u>	<u>2012</u>
Accounts Receivable	45,750	39,000
Allowance for Bad Debts	1,500	2,200

Estimated Bad Debt Expense is \$9,100 in 2013 and \$9,300 for 2012.

**Question:** How much accounts receivable were written off for 2013?

2. The following is the accounts receivable information for Roy Inc. for December 31, 2013.

<u>Company</u>	<u>Overall</u>	<u>&lt;30 days</u>	<u>31-60</u>	<u>61-120</u>	<u>&gt;120</u>
A Corp	\$60,000	\$34,000	\$22,000	\$3,000	\$1,000
B Corp	20,000	13,000	6,000		1,000
C Corp	44,000	30,000	12,000	2,000	
D Corp	18,000	15,000	3,000		
E Corp	88,000	60,000	18,000	10,000	
F Corp	25,000	10,000		15,000	
Total	\$255,000	\$162,000	\$61,000	\$30,000	\$2,000

Historically, Roy Inc. has not collected: 2% of receivables less than 30 days old, 6% of receivables 31 to 60 days old, 30% of receivables 61 to 120 days old, and 60% of receivables greater than 120 days old.

**Questions:**

- Compute the allowance for bad debts ending balance.
- How much will Roy record on its balance sheet for December 31, 2013 as net Accounts Receivable?

3. The following data is for Blake Incorporated:

	<u>2013</u>	<u>2012</u>
Bad debt expense	12,000	8,000
Accounts Receivable	105,000	96,000
Allowance for Bad Debts	4,000	1,000

**Question:**

How much Accounts Receivable was written off in 2013?

4. The following information was taken from the 2015 financial statements of AutoDrive Company.

Cash Sales	\$500,000
Credit Sales	1,630,000
Accounts Receivable (1/1)	210,000
Accounts Receivable (12/31)	245,000
Allowance for Bad Debts (1/1)	22,400
Write-offs	15,000

What is bad debt expense if bad debts are estimated as 4% of credit sales? Instead, assume bad debts are estimated as 12% of accounts receivable at year-end. What is the bad debt expense?

5. Barrett Corp. has the following information in its December 31, 2015 balances:

Credit sales	\$670,000
Sales returns and allowances	20,000
Accounts receivable (1/1)	120,000
Cash collections	588,000
Allowance for bad debts (1/1)	12,000
Write-offs	15,000

What is the ending accounts receivable (A/R) balance for 2015?

How much is bad debt expense (using the **percentage of credit sales** method and assuming 1.5% of credit sales are uncollectible)?

What is the net realizable value (NRV) reported on the balance sheet for receivables if the **percentage of credit sales** method is used?

How much is the bad debt expense and the net realizable value of receivables if the **percentage of receivables** method is used (assume 10% of ending receivables will be uncollectible)?