

BDE | PDE  
 AIR | write off  
 Allow | Begin Recovery BDE  
 14  
 Rev - Expense

## Accounting 215

### Quiz 2

#### Part I.

The following information is from selected accounts for the year ended December 31, 2000 and prior to recording adjusting entries:

Accounts Receivable ending balance	\$25,000
Allowance for Doubtful Accounts balance as of 12/31/99	\$200 credit balance
Sales Revenue (all on credit)	\$400,000
A/R written-off	\$700
A/R recovered	\$300

Write the journal entries IN PROPER FORM needed at the end of January to adjust for the following ~~independent~~ assumptions.

- A. (3 pts) Record the necessary journal entry to record the write-off.

Allowance for Doubtful Accounts 700  
 A/R write off 700

- B. (3 pts) Record the necessary journal entry to record the recovery.

- 2 debit  
 credit  
 credit  
 A/R recovery 300  
 Allow recovery 300  
 Allowance for Doubtful Accounts 400  
 A/R ending balance 400

- C. (3pts) An aging of receivables is completed and it is estimated that \$1,950 of receivables will be uncollectable. Record the necessary journal entry.

BDE 2,150  
 Allowance For Doubt 2,150  
 BDE | 2,150  
 AIR | 700  
 25,000  
 Allow | 200  
 700  
 2,150  
 1950

- D. (3pts) It is estimated that 0.5% of sales will be uncollectable. Record the necessary journal entry.

BDE 2,000  
 Allow 2,000  
 BDE | 2,000  
 AIR | 700  
 25,000  
 Allow | 200  
 700  
 2,000  
 200,600

30 60 10

## Part II.

(8 pts) Presented below are inventory transactions for Carpet City for the month of June.  
Calculate both ending inventory and cost of goods sold for June under the various cost flow assumptions.

June 1 Beginning inventory of 30 carpets costing \$60 each

June 3 Sold 10 carpets for \$100 each.

June 8 Purchased 15 carpets for \$50 each.

June 12 Sold 12 carpets for \$120 each.

10 x 60

June 19 Purchased 10 carpets for \$70 each.

June 24 Sold 15 carpets for \$10 each.

June 29 Purchased 10 carpets for \$75 each.

30 x 60

10 x 100

perpetual

a. Carpet City uses a ~~periodic~~ FIFO system

Ending inventory is:

a. \$1680

b. \$1723

~~c. \$1850~~

d. \$2150

Cost of goods sold is:

a. \$1850

b. \$1680

c. \$2320

~~d. \$2150~~

circle answer

10 x 60	20 x 60	15
12 x 60 = 720	8 x 60	15 x 50
(2 x 60) + (7 x 50)	10 x 70	
480 + 350 = 830	8 x 50	10 x 70
830		10 x 75
	480 + 700	750

perpetual

b. Carpet City uses a ~~periodic~~ LIFO system.

Ending inventory is:

a. \$1850

b. \$2150

c. \$1723

d. \$1680

Cost of goods sold is:

a. \$1850

b. \$2150

c. \$1723

d. \$2320

30 x 60	(10 x 60)	
(12 x 50)	+ 200	
600	20 x 60 - (15 x 50)	
(10 x 70) (2 x 50) 2 x 60	20 x 60 (3 x 50) (10 x 70)	
700 + 150 + 120	18 x 60	10 x 75
970	1080 + 750	
add 970 + 600 + 600		
to get total COGS of		
2170		1830.00