



Q2 - Online quiz 2

CB2100 (City University of Hong Kong)

Required information

[The following information applies to the questions displayed below.]

At the beginning of Year 1, a company has a balance of \$24,900 in accounts receivable. Because the company is a privately owned company, the company has used only the direct write-off method to account for uncollectible accounts. However, at the end of Year 1, the company wishes to obtain a loan at the local bank, which requires the preparation of proper financial statements. This means that the company now will need to use the allowance method. The following transactions occur during Year 1 and Year 2.

1. During Year 1, install air conditioning systems on account, \$179,000.
2. During Year 1, collect \$174,000 from customers on account.
3. At the end of Year 1, estimate that uncollectible accounts total 10% of ending accounts receivable.
4. In Year 2, customers' accounts totaling \$6,900 are written off as uncollectible.

2. Record each transaction using the direct write-off method. (If no entry is required for a particular transaction/event, select "No Journal Entry Required" in the first account field.)

No	Transaction	General Journal	Debit	Credit
1	1	Utilities Expense	179,000	
		Utilities Payable		179,000
2	2	Cash	174,000	
		Accounts Receivable		174,000
3	3	Bad Debt Expense	2,990	
		Allowance for Uncollectible Accounts		2,990
4	4	Bad Debt Expense	6,900	
		Accounts Receivable		6,900

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2. Record each transaction using the direct write-off method. (If no entry is required for a particular transaction/event, select "No Journal Entry Required" in the first account field.)

No	Transaction	General Journal	Debit	Credit
1	1	Accounts Receivable	179,000	
		Service Revenue		179,000
2	2	Cash	174,000	
		Accounts Receivable		174,000
3	3	No Journal Entry Required		
4	4	Bad Debt Expense	6,900	
		Accounts Receivable		6,900

Part 2 of 3

7.69/10
points awarded

Scored