

**Group 6**

Information related to the Edward Blake Co. for 1999 is summarized below. The amounts reflect balances before any end of year adjusting entries.

Net Sales	\$1,056,000
Cash Sales	\$740,000
Charge Sales	\$375,000
Accounts Receivable on 12-31-99	\$94,800
Bad debts written off in November 1999	\$6,200

For questions 40 through 45, write the correct amount on your answer sheet. Each question is independent from the others unless noted otherwise.

40. If before adjusting entries the Allowance for Uncollectible Accounts has a credit balance of \$3,800, what is the book value of accounts receivable?
41. Assume that the Edward Blake Co. uses the allowance method of accounting for uncollectible accounts. The company estimates that uncollectible accounts will be 2% of net sales. What amount of bad debts expense will the Edward Blake Co. record if Allowance for Uncollectible Accounts has a credit balance of \$5,420?
- \*42. Assume the same facts as in question #41, what is the book value of accounts receivable after all adjusting entries are posted?
43. Assume that the Edward Blake Co. uses the allowance method of accounting for uncollectible accounts. The company prepares an aging of accounts receivable on 12-31-99 and determines that \$8,640 of its accounts receivable will be uncollectible. What amount of bad debts expense will the Edward Blake Co. record for 1999 if Allowance for Uncollectible Accounts has a credit balance of \$2,690?
- \*44. Assume the same facts as in #43, except that there is a \$1,400 debit balance in Allowance for Uncollectible Accounts. What amount of bad debts expense will the Edward Blake Co. record?
45. What amount of bad debts expense will the Edward Blake Co. report for 1999 if it uses the direct write-off method of accounting for bad debts?