

Answers to Study Guide Questions

CHAPTER 16

PART 1 True/False

- | | |
|------|-------|
| 1. T | 6. T |
| 2. T | 7. T |
| 3. F | 8. T |
| 4. T | 9. T |
| 5. T | 10. T |

PART 2 Completion—Language of Business

- | | |
|------------------------|--|
| 1. specific charge-off | 4. statute of limitations |
| 2. bankruptcy | 5. book value or net expected realizable value |
| 3. aging | 6. allowance |

PART 3 Recording the Adjusting Entry for Bad Debts Using Aging

Age of Accounts	Amount	Estimated Percentage Uncollectible	Allowance for Doubtful Accounts
Not past due	6,520	3	\$195.60
1–30 days	740	6	44.40
31–60 days	450	23	103.50
61–180 days	70	45	31.50
Over 181 days	120	55	<u>66.00</u>
Total			<u>\$441.00</u>

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	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
1	20—	<i>Adjusting Entry</i>				1
2	Oct. 29	<i>Bad Debts Expense</i>		256.00		2
3		<i>Allowance for Doubtful Accounts</i>			256.00	3
4		<i>(\$441 - \$185)</i>				4
5						5
6						6

PART 4 Recording Adjusting Entries for Bad Debts

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	DATE	DESCRIPTION	POST. REF.	DEBIT	CREDIT	
1	20—	<i>Adjusting Entry</i>				1
2		<i>a. Bad Debts Expense</i>		<i>1,511.00</i>		2
3		<i>Allowance for Doubtful Accounts</i>			<i>1,511.00</i>	3
4						4
5		<i>Adjusting Entry</i>				5
6		<i>b. Bad Debts Expense</i>		<i>800.00</i>		6
7		<i>Allowance for Doubtful Accounts</i>			<i>800.00</i>	7
8						8