

ACCOUNTANCY 321
SUPPLEMENTAL ACCOUNTS RECEIVABLE PROBLEM

May Co. prepared an aging of its accounts receivable at December 31, 2007 and determined that the net realizable value of the receivables was \$276,000. Additional information is available as follows:

Accounts receivable 1/1/07	\$275,000
Credit sales during 2007	\$2,368,000
Allowance for uncollectible accounts at 1/1/07—credit balance	\$ 34,000
Accounts written off as uncollectible during 2007	\$23,000
Accounts receivable at 12/31/07	\$325,000
Uncollectible accounts recovered during 2007	\$5,000
Percentage of credit sales estimated uncollectible	1.5%

Required:

- a. Calculate the amount of collections during 2007.
- b. Record the journal entry for bad debts expense under the income statement approach.
- c. Record the journal entry for bad debts expense under the balance sheet approach.