

Quiz# 5 -

Green Industries uses the Aging Method to estimate the uncollectible accounts expense.

On October 31, 2020, an aging of the Accounts Receivable produced the following information:

1-30 days past due	62,000
31-60 days past due	40,000
61-90 days past due	23,000
Over 90 days past due	<u>9,000</u>
TOTAL	<u>\$134,000</u>

Based on past history, the estimated percentages probably uncollectible for the above groups are as follows:

- 1-30 days past due - 2%
- 31-60 days past due - 4%
- 61-90 days past due - 11%
- over 90 days past due - 50%

The Allowance for uncollectible accounts before adjustment shows a credit balance of \$1,000.

Requirements:

1. Compute the estimated amount of uncollectible receivables based on the above.
2. Prepare the adjusting journal entry to bring the allowance for uncollectible accounts to the proper amount.
3. Show how Green industries will report Accounts Receivable on its Balance sheet on October 31, 2020.