Assume the following data for Colors Unlimited:

Sales:
- Credit Sales $850,000
- Cash Sales $425,000
- Total $1,275,000

Accounts Receivable, end of year: $275,600

Allowance for uncollectible accounts,
before adjusting entry (credit balance) $1,435

1.5% percent of credit sales are estimated to be uncollectible
OR 7.25% of ending accounts receivable are estimated to be uncollectible

INSTRUCTIONS:
Using the necessary information provided above, make journal entries for uncollectible accounts under each of the following methods and conditions. Show your calculations for each journal entry.

A. Income Statement Approach (Percentage of Sales Approach)
   Calculation:

B. Balance Sheet Approach, Percentage of Receivables
   Calculation:
C. **Balance Sheet Approach, Aging of Receivables**

### AGING OF RECEIVABLES

<table>
<thead>
<tr>
<th>Customer</th>
<th>Balance Dec 31</th>
<th>Under 30 days</th>
<th>31 - 60 days</th>
<th>61 – 90 Days</th>
<th>Over 90 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue</td>
<td>$99,000</td>
<td></td>
<td>$74,220</td>
<td>$24,780</td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>68,900</td>
<td>$8,900</td>
<td>25,000</td>
<td>30,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Green</td>
<td>22,100</td>
<td></td>
<td>13,260</td>
<td></td>
<td>8,840</td>
</tr>
<tr>
<td>Black</td>
<td>85,600</td>
<td>50,000</td>
<td>10,680</td>
<td></td>
<td>24,920</td>
</tr>
<tr>
<td>Totals</td>
<td>$275,600</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Estimated Uncollectible %**

- Under 30 days: 1%
- 31 - 60 days: 3%
- 61 – 90 Days: 15%
- Over 90 days: 45%

**Est. Uncollectible Amount**

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</table>

D. **Balance Sheet Approach, Percentage of Receivables.** Assume the same information as above except that the balance in the allowance account prior to adjustment is a debit of $450.

*Calculation:*