

Myssie Cardenas was recently hired as the chief financial officer for Barajas Corporation. At the time Myssie was hired, the company had just completed the accounting cycle for the year ending December 31, 20X7.

Myssie began her new job by reviewing the following information about sales and receivables activity during the year:

Beginning accounts receivable	\$ 1,500,000
Beginning allowance for uncollectibles	40,000
Sales on account	6,000,000
Collections on account	4,800,000
Sales discounts	68,000
Accounts written-off	33,000
Additions to allowance for uncollectible accounts	59,320

- (a) Based on her review, Myssie prepared some handwritten notes in journal entry form summarizing the above sales, collections, discounts, write-offs, and additions to the allowance. She wanted to compare her entries to what had actually been recorded by the company. How should her summary entries appear?
- (b) After completing her review, Myssie concluded that, as of the end of 20X8, the company should provide an Allowance for Uncollectible Accounts at a end-of-year balance equal to 3% of total gross receivables. Prepare summary journal entries for 20X8 to capture the following information and to update the allowance account from its beginning-of-year balance (see part (a) to determine the beginning balance).

Sales on account	6,600,000
Collections on account	5,900,000
Sales discounts	88,000
Accounts written-off	53,000