

## EXERCISES

### Ex. 9–1

Accounts receivable from the U.S. government are significantly different from receivables from commercial aircraft carriers such as Delta and United. Thus, Boeing should report each type of receivable separately. In the December 31, 2007, filing with the Securities and Exchange Commission, Boeing reports the receivables together on the balance sheet, but discloses each receivable separately in a note to the financial statements.

### Ex. 9–2

- a. **MGM Mirage: 19.9% (\$90,024,000 ÷ \$452,945,000)**
- b. **Johnson & Johnson: 1.8% (\$160,000,000 ÷ \$8,872,000,000)**
- c. **Casino operations experience greater bad debt risk, since it is difficult to control the creditworthiness of customers entering the casino. In addition, individuals who may have adequate creditworthiness could overextend themselves and lose more than they can afford if they get caught up in the excitement of gambling. In contrast, Johnson & Johnson's customers are primarily other businesses such as grocery store chains.**

### Ex. 9–3

<b>Feb.</b>	<b>23</b>	<b>Accounts Receivable—Dr. Judith Salazar .....</b>	<b>41,500</b>	
		<b>Sales .....</b>		<b>41,500</b>
	<b>23</b>	<b>Cost of Merchandise Sold .....</b>	<b>22,300</b>	
		<b>Merchandise Inventory .....</b>		<b>22,300</b>
<b>May</b>	<b>10</b>	<b>Cash .....</b>	<b>10,000</b>	
		<b>Bad Debt Expense .....</b>	<b>31,500</b>	
		<b>Accounts Receivable—Dr. Judith Salazar ...</b>		<b>41,500</b>
<b>Dec.</b>	<b>2</b>	<b>Accounts Receivable—Dr. Judith Salazar .....</b>	<b>31,500</b>	
		<b>Bad Debt Expense .....</b>		<b>31,500</b>
	<b>2</b>	<b>Cash .....</b>	<b>31,500</b>	
		<b>Accounts Receivable—Dr. Judith Salazar ...</b>		<b>31,500</b>