

Ex. 9–14 Concluded

c. Bad debt expense under:	
Allowance method	\$28,705
Direct write-off method (\$4,200 + \$4,500 – \$4,200 + \$7,005).....	<u>11,505</u>
Difference.....	<u>\$17,200</u>

Burrito's income would be \$17,200 higher under the direct method than under the allowance method.

Ex. 9–15

$$\text{\$379,250 } [\$390,500 + \$50,000 - (\text{\$3,500,000} \times 1\frac{3}{4}\%)]$$

Ex. 9–16

a. $\text{\$411,500 } [\$425,000 + \$60,000 - (\text{\$4,200,000} \times 1\frac{3}{4}\%)]$

b. $\text{\$24,750 } [(\text{\$61,250} - \$50,000) + (\text{\$73,500} - \$60,000)]$