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| **Exercise 9-1 Schedule of Expected Cash Collections [LO2]** |
| Peak sales for Midwest Products, a wholesale distributor of leaf rakes, occur in August. The company's sales budget for the third quarter showing these peak sales is given below: |
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| --- | --- | --- | --- | --- |
|   | July | August | September | Total |
| Budgeted sales (all on account) | $ | 600,000 | $ | 900,000 | $ | 500,000 | $ | 2,000,000 |

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| From past experience, the company has learned that 20% of a month's sales are collected in the month of sale, another 70% are collected in the month following sale, and the remaining 10% are collected in the second month following sale. Bad debts are negligible and can be ignored. May sales totaled $430,000, and June sales totaled $540,000. |

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| **Requirement 1:** |
| Prepare a schedule of expected cash collections from sales, by month and in total, for the third quarter. **(Leave no cells blank - be certain to enter "0" wherever required. Omit the "$" sign in your response.)** |
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| --- | --- | --- | --- | --- |
|   | July | August | September | Total |
| May sales | $ |  | $ |  | $ |  | $ |  |
| June sales |   |  |   |  |   |  |   |  |
| July sales |   |  |   |  |   |  |   |  |
| August sales |   |  |   |  |   |  |   |  |
| September sales |   |  |   |  |   |  |   |  |
| Total cash collections | $ |  | $ |  | $ |  | $ |  |

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| **Requirement 2:** |
| Assume that the company will prepare a budgeted balance sheet as of September 30. Compute the accounts receivable as of that date. **(Omit the "$" sign in your response.)** |
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| --- | --- | --- |
| Accounts Receivable | $ |  |

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Hint 1 |

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