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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: | |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | |  | July | | August | | September | | Total | | | Budgeted sales (all on account) | $ | 600,000 | $ | 900,000 | $ | 500,000 | $ | 2,000,000 |  |  | | --- | | 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 $540,000. |  |  | | --- | | **Requirement 1:** | | Prepare a schedule of expected cash collections from sales, by month and in total, for the third quarter. **(Leave no cells blank - be certain to enter "0" wherever required. Omit the "$" sign in your response.)** | |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | |  | July | | August | | September | | Total | | | May sales | $ |  | $ |  | $ |  | $ |  | | June sales |  |  |  |  |  |  |  |  | | July sales |  |  |  |  |  |  |  |  | | August sales |  |  |  |  |  |  |  |  | | September sales |  |  |  |  |  |  |  |  | | Total cash collections | $ |  | $ |  | $ |  | $ |  | | |  |  | |  | |  | | --- | | **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.)** | |  |  |  |  |  | | --- | --- | --- | | Accounts Receivable | $ |  | | |  |  |   [Hint 1](javascript:showHint(kzb,%270%2e0%2e0%27);) |

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