

ZZ PP CH7 Page 14 to 19  
Allowance Method - BAD DEBTS

	<u>COL 1</u>	<u>COL 2</u>	<u>COL 3</u>	<u>COL 4</u>	<u>COL 5</u>	<u>COL 6</u>
	<u>CASH</u>	<u>ACCOUNTS RECEIVABLE</u>	<u>ALLOWANCE FOR DOUBTFUL ACCOUNTS (CONTR. ASSET ACCT)</u>	<u>NET REALIZABLE VALUE OF ACCTS RECEIV (COL 2 LESS COL 3)</u>	<u>BAD DEBT EXPENSE</u>	<u>SALES</u>
● ORIGINAL Sale		<u>20,000</u>				<u>20,000</u>
● ESTIMATE OF BAD DEBT Exp			<u>1,500</u>	<u>18,500</u>	<u>1,500</u>	
● A SPECIFIC ACCT RECEIVABLE IS WRITTEN OFF		<u>520</u> J KENT	<u>520</u>	<u>18,500</u>		
● RECOVERY OF A BAD DEBT PREVIOUSLY WRITTEN OFF:						
● REINSTATE		<u>520</u> J KENT	<u>520</u>	<u>18,500</u>		
● RECEIVE FULL PAYMENT	<u>520</u>	<u>520</u> J KENT				
				17,980		

YOU DON'T KNOW WHICH ACCTS ARE BAD  
 ∴ ESTIMATE

IS THE ESTIMATE OF AMT TO BE COLLECTED

WRITE OFF - NO IMPACT

REINSTATEMENT - NO IMPACT

BALANCE SHEET

INCOME STMT

ABOVE FOR NOTATION, AS TO REALIZABLE VALUE OF A/R

*[Handwritten signature]*