



Accounting 2 – محاسبية
Chapter 3: Accounting for Receivable
3-1 Direct Write Off Method

Name:
Class:
A/C. No.:

Illustration (3-1):

On Jan, 1 2020 Ahmed Company has BD5,200 balance of account receivable and decided to write off as uncollectible Salma's BD500 balance.

On Jan, 15 2020, Salam won money and paid BD300 from her balance which wrote off on Jan 1 2020.

Date	Account Titles	Debit	Credit

Exercise: Shafiq Company uses the direct write-off method of accounting for uncollectible accounts. On May 3, Shafiq Company wrote off the BD2,000 uncollectible account of its customer, Tamim. On July 10, Shafiq received a cash for the full amount of BD2,000 from Tamim. Prepare the journal entries for Shafiq Company.

Date	Account Titles	Debit	Credit



امسح الرمز لمشاهدة الدرس على اليوتيوب



Accounting 2 – محاسبية
Chapter 3: Accounting for Receivable
3-3 Allowance as % of Credit Sales

Name:

Class:

A/C. No.:



مقدمة في طريقة المخصص

Illustration 3-2:

On Dec, 31 2020, Osama Company estimated that **2% on credit sales** will be uncollectible. If credit sales for **BD300,000** and has a **credit balance of allowance for doubtful accounts BD500**.

Date	Account Titles	Debit	Credit

Illustration 3-3:

Abdulla Company has **credit sales of BD500,000** in 2018 and **credit balance of allowance for doubtful accounts BD20,000**.

At Dec, 31 2018. The manager estimated that **10% of the credit sales will be uncollectible**.

On Jan, 15 2019, customer Ahmed was bankrupt, and the company **wrote off BD2700 his balance to be uncollectible**.

On Jan, 31 2019, Ahmed has increasing sales in his business and **paid his balance due**.

Date	Account Titles	Debit	Credit



امسح الرمز لمشاهدة الدرس على اليوتيوب



Exercise:

Sumiya Est. had the following balances on Dec, 31 2019:

Credit Sales	BD765,000
Cash Sales	BD630,000
Accounts Receivable	BD171,000
Allowance for Doubtful Account	BD2,250 (Credit Balance)

Based on past experiences it was estimated that 2% of credit sales to be uncollectible. Prepare the necessary journal entry.

Date	Account Titles	Debit	Credit

Exercise:

Iftikhar Est. had the following information for Dec 31, 2022.

Credit Sales	BD23,500
Cash Sales	BD 18,100
Accounts Receivable	BD 40,450
Allowance for Doubtful Account	BD 2,500

Prepare the Journal Entries for:

- Record a bad debt expense estimating a 11% form credit sales.
- Record a writing off Khalil's Balance of BD500.
- Khalil Paid a BD210 to Iftikhar Est.

Date	Account Titles	Debit	Credit



Accounting 2 – محاسبية
Chapter 3: Accounting for Receivable
3-4 Allowance as % of Accounts Receivable (1)

Name:
Class:
A/C. No.:

Illustration 1:

On July2, 2016 Malik Est estimated that **4% of its account receivable of BD59,400** will become uncollectible. The company had **debit balance of Allowance for Doubtful Account of BD396**.
on Sep 8,2016, Malik Est determined that Hoor account was uncollectible and **wrote off BD250**.
on Sep 28, 2020, **Hoor Paid** the amount previously written off.
Prepare the necessary adjusted entries.

Date	Account Titles	Debit	Credit

Illustration 2:

On July2, 2016 Malik Est estimated that **4% of its account receivable of BD59,400** will become uncollectible. The company had **credit balance of Allowance for Doubtful Account of BD396**.
on Sep 8,2016, Malik Est determined that Hoor account was uncollectible and **wrote off BD250**.
on Sep 28, 2020, **Hoor Paid** the amount previously written off.
Prepare the necessary adjusted entries.

Date	Account Titles	Debit	Credit



امسح الرمز لمشاهدة الدرس على اليوتيوب



Exercise:

Sumiya Est. had the following balances on Dec, 31 2019:

Credit Sales	BD765,000
Cash Sales	BD630,000
Accounts Receivable	BD171,000
Allowance for Doubtful Account	BD2,250 (Credit Balance)

Based on past experiences it was estimated that 2.5% of Account Receivables to be uncollectible. Prepare the necessary journal entry.

Date	Account Titles	Debit	Credit

Exercise:

Iftikhar Est. had the following information for Dec 31, 2022.

Credit Sales	BD23,500
Cash Sales	BD 18,100
Accounts Receivable	BD 40,450
Allowance for Doubtful Account	BD 2,500 (Debit)

Prepare the Journal Entries for:

- Record a bad debt expense estimating a 6% form Accounts Receivable.
- Record a writing off Khalil's Balance of BD500.
- Khalil Paid a BD210 to Iftikhar Est.

Date	Account Titles	Debit	Credit



Accounting 2 – محاسبية
Chapter 3: Accounting for Receivable
3-5 Allowance as % of Accounts Receivable (2)

Name:
Class:
A/C. No.:

Illustration 3-4:

The following an aging schedule for Essa's Company.

Customer	Total	Number of days Past Due			
		1-30	31-60	61-90	Over 90
Ahmed	10,000	4,000		3,000	3,000
Osama	12,000	6,000	4,000		2,000
Abdulla	18,000	7,000	5,000	4,000	2,000
Salma	20,000	10,000	6,000	4,000	
Mohamed	25,000	3,000	6,000	9,000	7,000
Total					
Estimated percentage uncollectible		5%	10%	15%	20%
Total estimated Bad Debts					

If the trail balance shows allowance for doubtful accounts with a **credit balance of BD2,400**.
Prepare the necessary journal entries for estimating bad debts expense.

Date	Account Titles	Debit	Credit

If the trail balance shows allowance for doubtful accounts with a **debit balance of BD2,400**.
Prepare the necessary journal entries for estimating bad debts expense.

Date	Account Titles	Debit	Credit



امسح الرمز لمشاهدة الدرس على اليوتيوب



Exercise:

Saleh Company has **Accounts receivable of BD7,280** at Nov 30. The **Allowance for Doubtful Account has a debit balance of BD620** prior to adjustment. The company uses the Balance Sheet approach for estimating uncollectible accounts. Determine the total estimated uncollectibles and Prepare the adjustment entry at November to record bad debt expense.

Age of accounts	Balance, Nov 30	Estimated Percentage uncollectible	Estimated Amount uncollectible
1-3- days	BD 1,200	2%	
31-60 days	BD 880	5%	
61-90 days	BD 1,700	20%	
Over 90 days	BD 3,500	50%	
Total	BD 7,280		

Date	Account Titles	Debit	Credit

Past Exam:

The following aging schedule shows the percentage for uncollectible account receivable.

Period	Accounts Receivable (BD)	Allowance %	Estimated Amount of Allowance (BD)
1-30 days past due	80,000	3%
31-60 days past due	120,000	5%
61-90 days past due	160,000	7%
Over 90 days past due	200,000	9%
Total	560,000	

Required:

- Compute the amount of Allowance for Doubtful Account in the table above.
- On Jan 1 2015, the company has a **credit balance** of Allowance for Doubtful debts for BD12,600. Prepare the adjusting entry needed to maintain the Allowance for Doubtful debts to proper amount.

Date	Account Titles	Debit	Credit



Accounting 2 – محاسبية
Chapter 3: Accounting for Receivable
3-6 Credit Cards Sales

Name:

Class:

A/C. No.:



امسح الرمز لمشاهدة الدرس على اليوتيوب

Illustration 3-6

On September 16, 2019, Ahmed Travel Agency sold an airline ticket for **BD500** to a customer who paid with Visa Card. If the services charge is 2%. Show the Journal entry.

Date	Account Titles	Debit	Credit

Illustration 3-7

On April 15 2019, Abdulla Company made a sale of **BD2,000** to a customer who used American Express Card. The credit card company makes a services charge of 5%.

On April 30 2019, the credit card company pays amount to Abdulla.

Date	Account Titles	Debit	Credit

Exercise:

- On August 14 Zalekha Company made a sale of **BD3,600** to a customer who used **Mastercard**. The credit card company makes a **services charge of 3%**.
- On August 21 Zalekha complete a services of **BD720** to a customer who used a **Diners Club card**. The credit card company makes a **services charge of 4%**.
- On August 31, the **credit card company pays amount** to Zalekha.

Required: Prepare Journal entries for Zalekha Company.

Date	Account Titles	Debit	Credit