

# JOURNAL ENTRIES FOR UNCOLLECTIBLE ACCOUNTS ALLOWANCE METHOD

Blocker Company estimates its uncollectible accounts based on an analysis of receivables. On December 31, a junior accountant prepared the following aging schedule for the company's \$88,000 in outstanding receivables.

<u>Age Interval</u>	<u>Amount</u>	<u>%</u>	<u>Estimated Uncollectible Accounts</u>
Not due.....	\$58,650	2%	\$1,173
1-30 days past due.....	13,220	4%	529
31-60 days past due.....	8,930	20%	1,786
61-90 days past due.....	4,000	30%	1,200
Over 90 days past due.....	<u>3,200</u>	50%	<u>1,600</u>
	<u>\$88,000</u>		<u>\$6,288</u>

The Allowance for Doubtful Accounts currently has a \$210 debit balance.

1. Prepare the adjusting entry to record the company's estimate of uncollectible accounts.
2. Prepare the journal entry to write off the following accounts:

T. Donaldson.....	\$700
J. Kyle.....	450
D. Mize.....	1,000

- 3. Prepare the journal entry to record receipt of \$450 owed by J. Kyle.**
  
- 4. Write an answer to the following question: What circumstances would cause the Allowance for Doubtful Accounts to have a debit balance prior to adjustment?**