ABC Company had a beginning balance of $30,000 in A/R, $3,000 in Allowances for Doubtful Accounts, and then the following transactions took place:

a) 12/31/2016 Sold goods costing $100,000 for $160,000 on credit throughout the year.

b) 12/31/2016 Using the historical data, estimated 2% of credit sales to be uncollectible.

c) 2/1/2017 After many failed collection efforts, wrote off $1,500 of bad debts.

d) 3/5/2017 A check was received for $500 from a customer who's debt was written off last month.

e) 4/15/2017 Cash was collected from customers for prior sales of $140,000

f) 12/31/2017 Sold goods costing $120,000 for $192,000 on credit throughout the year.

g) 12/31/2017 Using the aging method, it was determined that the appropriate balance of ADA is $7,200.

	A/R		
BB	$ 30,000		
EB	$ 30,000		

	ADA		
		$ 3,000	BB
		$ 3,000	EB

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a)	12/31/2016	Accounts Rec	$ 160,000		Sale of goods
		Sales Rev		$ 160,000	
		COGS	$ 100,000		
		Inventory		$ 100,000	
b)	12/31/2016	Bad Debt Exp	$ 3,200		Est of bad debts (% of credit sales)
		ADA		$ 3,200	
c)	2/1/2017	ADA	$ 1,500		Write off
		Accounts Rec		$ 1,500	
d)	3/5/2017	Accounts Rec	$ 500		Recovery of previously written off account
		ADA		$ 500	
		Cash	$ 500		
		Accounts Rec		$ 500	
e)	4/15/2017	Cash	$ 140,000		Payment on account from customers
		Accounts Rec		$ 140,000	
f)	12/31/2017	Accounts Rec	$ 192,000		Sale of goods
		Sales Rev		$ 192,000	
		COGS	$ 120,000		
		Inventory		$ 120,000	
g)	12/31/2017	Bad Debt Exp	$ 2,000		Est of bad debts (aging method)
		ADA		$ 2,000	

	A/R		
BB	$ 30,000		
	$ 160,000		
	$ 500	$ 1,500	
		$ 500	
		$ 140,000	
EB	$ 48,500		

	ADA		
		$ 3,000	BB
	$ 1,500	$ 3,200	
		$ 500	
		$ 2,000	
		$ 7,200	EB

The aging method gives us a target number for ADA and we use the entry to update the balance in ADA to that number.