**Problem 3**

a) Calculate the total estimated bad debts based on the above information.

(70,000 x 1% = 700) + (46,000 x 3% = 1,380) + (39,000 x 5% = 1,950) + (23,000 x 8% = 1,840) + (15,000 x 10% = 1,500)

**Total estimated bad debt = $7,370**

b) Prepare the year-end adjusting journal entry to record the bad debts using the aged uncollectible accounts receivable determined in (a). Assume the current balance in Allowance for Doubtful Accounts is a $3,000 debit.

**Dr. Bad Debt Expense 10,370**

**Cr. Allowance for Doubtful Accounts 10,370**

Allowance for Doubtful Accounts

Unadjusted bal. 3,000 Adjusting 10,370

**Adjusted Bal. 7,370**

(c) Of the above accounts, $5,000 is determined to be specifically uncollectible. Prepare the journal entry to write-off the uncollectible account.

**Dr. Allowance for Doubtful Accounts 5,000**

**Cr. Accounts Receivable 5,000**

(d) The company collects $5,000 subsequently on a specific account that had previously been determined to be uncollectible in (c). Prepare the journal entry(ies) necessary to restore the account and record the cash collection.

**Dr. Accounts Receivable 5,000**

**Cr. Allowance for Doubtful Accounts 5,000**

**Dr. Cash 5,000**

**Cr. Accounts Receivable 5,000**