**Problem 6 (B)**

**1) Dr. Bad Debt Expense 5,600**

**Cr. Allowance for Doubtful Accounts 5,600**

*(1% of net sales: 1% of (580,000 – 20,000) = 5,600)*

**2) Dr. Bad Debt Expense 8,000**

**Cr. Allowance for Doubtful Accounts 8,000**

*(5% of AR: 5% of 150,000) = 7,500)*

Allowance for Doubtful Accounts

*Unadjusted bal. 500 Adjusting 8,000*

**Adjusted bal. 7,500**

**3) Dr. Bad Debt Expense 7,000**

**Cr. Accounts Receivable – Mr. Thomson 7,000**

(Write-off actual uncollectible account under **Direct Write-Off Method**)

If I change from the Direct Write-off Method to **Allowance Method of accounting for AR**, how do you prepare the write-off Mr. Thomson account?

**Dr. Allowance for Doubtful Accounts 7,000**

**Cr. Accounts Receivable – Mr. Thomson 7,000**

(Write-off actual uncollectible account under **Allowance Method**)