

Solution:

The journal entries are prepared as follows:

JOURNAL ENTRIES (in thousands of \$)			
Name: Medical Clinic			
Date	Particulars	Debit	Credit
December 31, 2011	Gross Receivables from Patients	250	
	Bad Debts Expense from Patients	50	
	To Allowance for Doubtful Receivables		50
	To Gross Revenue		250
	(Being opening entry from last year.)		
2012 summary entries	Gross Receivables from Patients	2,500	
	To Gross Revenue		2,500
	(Being sales to patients.)		
	Bad Debts Expense from Patients	250	
	To Allowance for Doubtful Receivables		250
	(Being allowance for uncollectible.)		
	Allowance for Doubtful Receivables	240	
	To Gross Receivables from Patients		240
	(Being write-off of some accounts.)		