**2022 Kuen Cheng High School Paper 2 Question 1(a)**

Johnson begin business on 1 January 2020 and there were accounts receivable of RM 6,000 at the end of the year 2020 after the bad debts of RM 400 had been written off. It was also decided to make an allowance for doubtful debts of 5% of the debtors’ total for the year ended 31 December 2020.

The business continues to operate during the year 2021 and Johnson’s accounts receivable was RM 9,000. An examination of these debts of RM 380 which Johnson regarded as irrecoverable and still included in the debtors’ group. He decided to write off this amount. It was decided to maintain the allowance for doubtful debts at 5% of the debtors’ balance carried forward to year 2022.

You are required to prepare the following accounts for the year ended 31 December 2020 and 2021:

1. Allowance for Doubtful Debts Account
2. Income Statement (Extract)