

Qno 5: Req no i**Fareed Sons****General Journal**

Date	Account Titles & Explanation	A/c No.	Debit	Credit
<b>2007</b>				
<b>Jan</b>	<b>12</b> Accounts receivable		<b>2,750</b>	
	Allowance for bad debts			<b>2,750</b>
	(To reinstate Jameel & Sons account)			
	<b>12</b> Cash		<b>2,750</b>	
	Accounts receivable			<b>2,750</b>
	(Collected cash from Jameel & Sons)			
<b>Feb</b>	<b>17</b> Allowance for bad debts		<b>3,250</b>	
	Accounts receivable			<b>3,250</b>
	(Wrote off worthless Jabbar & Co account)			
<b>Mar</b>	<b>18</b> Cash		<b>32,700</b>	
	Accounts receivable			<b>32,700</b>
	(Collected cash from Amir & Sons)			
	<b>18</b> Allowance for bad debts		<b>2,300</b>	
	Accounts receivable			<b>2,300</b>
	(Wrote off worthless Amir & Sons account)			

May	15	Allowance for bad debts		3,000	
		Accounts receivable			3,000
		(Wrote off worthless Habib & Co account)			
Jun	17	Accounts receivable		1,750	
		Allowance for bad debts			1,750
		(To reinstate Jabbar & Co account)			
	17	Cash		1,750	
		Accounts receivable			1,750
		(Collected cash from Jabbar & Co)			
Sep	18	Allowance for bad debts		25,785	
		Accounts receivable			25,785
		(Wrote off worthless customers' account)			
Nov	16	Accounts receivable		1,500	
		Allowance for bad debts			1,500
		(To reinstate Habib & Co account)			
		Cash		1,500	
		Accounts receivable			1,500
		(Collected cash from Habib & Co)			
		(Adjustment)			
Dec	31	Bad Debts Expense		29,920	
		Allowance for bad debts			29,920
		(To record estimated bad debts)			
		(Closing)			
Dec	31	Income Summary		29,920	
		Bad Debts Expense			29,920
		(Close bad debts expense account)			

### Computation for Estimated Bad Debts

Estimated Bad Debts are 1/2 of 1% of Net Credit Sales

Bad Debts Expense = Net Sales x 1/100 x 1/2

Bad Debts Expense = 5,984,000 x 1/100 x 1/2

Bad Debts Expense =	29920
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**Req no ii:**

### Fareed Sons General Ledger

#### Allowance for Bad Debts

2007			2007		
Feb 17	Accounts Receivable	3,250	Jan 1	Balance	30,150
Mar 18	Accounts Receivable	2,300	12	Accounts Receivable	2,750
May 15	Accounts Receivable	3,000	Jun 17	Accounts Receivable	1,750
Sep 18	Accounts Receivable	25,785	Nov 16	Accounts Receivable	1,500
	34,335		Dec 31	Adjustment	29,920
31	Balance c/d	31,735			
		66,070			66,070
			2008		
			Jan 1	Balance b/d	31,735

#### Bad Debts Expense

2007					
Dec 31	Adjustment	29,920			

**Req no iii:**

The amount of bad debts expense that will appear in income statement is Rs.29,920 and the amount of allowance for bad debts that will appear in balance sheet is 31, 735.

Qno7:

For 2013:

## United Steels Ltd

### General Journal

Date	Account Titles & Explanation	A/c No.	Debit	Credit
<b>2013</b>				
Mar	25 Allowance for bad debts		700	
	Accounts receivable			700
	(Wrote off worthless Syed account)			
Dec	31 Cash		47,300	
	Accounts receivable		110,600	
	Sales			157,900
	(Sold goods on cash and on credit)			
	(Adjustment)			
Dec	31 Bad debts expense		553	
	Allowance for bad debts			553
	(To record estimated bad debts)			

### Computation for Estimated Bad Debts

Estimated Bad Debts are 1/2 of 1% of Net Credit Sales				
Bad Debts Expense = Net Credit Sales x 1/100 x 1/2				
<b>For 2013:</b>				
Bad Debts Expense = 110,600 x 1/100 x 1/2				
	=	553		

**United Steels Ltd****General Ledger****Allowance for Bad Debts**

2013			2013		
Mar 25	Accounts receivable	700	Jan 1	Balance	1,450
			Dec 31	Adjustment	553
	Balance c/d	1,303			
		2,003			2,003
			2014		
			Jan 1	Balance b/d	1,303

**For 2014:**

<b>2014</b>					
<b>Feb</b>	<b>14</b>	<b>Accounts receivable</b>		<b>490</b>	
		<b>Allowance for bad debts</b>			<b>490</b>
		<b>(To reinstate Syed account)</b>			
	<b>14</b>	<b>Cash</b>		<b>490</b>	
		<b>Accounts receivable</b>			<b>490</b>
		<b>(Collected cash from customer)</b>			
<b>Sep</b>	<b>10</b>	<b>Allowance for bad debts</b>		<b>950</b>	
		<b>Accounts receivable</b>			<b>950</b>
		<b>(Wrote off worthless Karim account)</b>			
<b>Dec</b>	<b>31</b>	<b>Cash</b>		<b>52,000</b>	
		<b>Accounts receivable</b>		<b>135,000</b>	
		<b>Sales</b>			<b>187,000</b>
		<b>(Sold goods on cash and on credit)</b>			
		<b>(Adjustment)</b>			
<b>Dec</b>	<b>31</b>	<b>Bad debts expense</b>		<b>675</b>	
		<b>Allowance for bad debts</b>			<b>675</b>
		<b>(To record estimated bad debts)</b>			

Computation for Estimated Bad Debts				
Estimated Bad Debts are 1/2 of 1% of Net Credit Sales				
Bad Debts Expense = Net Credit Sales x 1/100 x 1/2				
<b>For 2014:</b>				
Bad Debts Expense = 135,000 x 1/100 x 1/2				
		=	675	

United Steels Ltd					
General Ledger					
Allowance for Bad Debts					
			2014		
			Jan 1	Balance b/d	1,303
Sep 10	Accounts receivable	950	Feb 14	Accounts receivable	490
			Dec 31	Adjustment	675
	Balance c/d	1,518			
		2,468			2,468
			2015		
			Jan 1	Balance b/d	1,518

