

Malik & Co

General Journal

Date	Account Titles and Explanation	Post Ref.	Debit	Credit
2013 Jan 1 to Dec 31				
	1 Allowance for Bad Debts		1,950	
	Accounts Receivable			1,950
	(Wrote off worthless customers' account)			
	2 Cash		265,640	
	Accounts Receivable			265,640
	(Collected cash from customers)			
	3 Sales Return & Allowance		11,165	
	Accounts Receivable			11165
	(To record sales reutrn & allowance)			
	4 Allowance for Bad Debts		1,550	
	Accounts Receivable			1,550
	(Wrote off worthless customers' account)			
	5 Notes Receivable		17500	
	Accounts Receivable			17500
	(Received note in place of accounts receivable)			

		6 Accounts Receivable		3760	
		Advance from Customers			3760
		(To record advance from customers)			
		7 Accounts Receivable		340967	
		Sales			340967
		(Sold goods on credit)			
		8 Sales Discount		3426	
		Accounts Receivable			3426
		(To record sales discount)			
		(Adjustment)			
Dec	31	Bad Debts Expense		1632	
		Allowance for Bad Debts			1632
		(To record estimated bad debts)			

Malik & Co

General Ledger

Accounts Receivable

2013 Jan 1 to Dec 31	Balance	110,230	2013 Jan 1 to Dec 31(1)	Allowance for Bad Debts	1,950
6)	Advance from Customers	3,760	2)	Cash	265,640
7)	Sales	340,967	3)	Sales Return & Allowance	11,165
			4)	Allowance for Bad Debts	1,550
			5)	Notes Receivable	17,500
			8)	Sales Discount	3,426
				301,231	
			31	Balance c/d	153,726
		454,957			454,957
2010 Jan 1	Balance b/d	153,726			

Allowance for Bad Debts

2013 Jan 1 to Dec 31(1)	Accounts Receivable	1,950	2013 Jan 1 to Dec 31	Balance	3,591
4)	Accounts Receivable	1,550	31	Adj	1,632
	3,500				
31	Balance c/d	1,723			
		5,223			5,223
			2010 Jan 1	Balance b/d	1,723

Computation for Estimated Bad Debts					
Estimated bad debts are 1/2 of 1% of net sales					
Bad Debts Expense = Net Credit Sales x 1/100 x 1/2					
First we find net credit sales					
Credit Sales				340,967	
Less: Sales Return & Allowance		11,165			
Sales Discount		<u>3,426</u>		<u>(14,591)</u>	
Net Sales				<u>326,376</u>	
Bad Debts Expense = 326,376 x 1/100 x 1/2					
	=	1,632			

Malik & Co
Balance Sheet-Partial
As on Dec 31, 2013

Assets				Equities			
<u>Current Assets</u>							
Accounts Receivable			153,726				
Less: Allowance for Bad Debts			<u>(1,723)</u>				
Net Realizable Value			<u>152,003</u>				