

## Accounting for Estimation of Bad Debts

**Fitzgerald & Associates had the following items and amounts in its unadjusted trial balance as of December 31 of the current year.**

	Debit	Credit
Cash Sales		90k
Credit Sales		375k
Accounts Rec	116k	
Allowance for Doubtful Accts		3k

**Prepare the adjusting entry to estimate bad debts under each of the following scenarios:**

1. Bad debts are estimated to be 3% of total sales.

Acct	Debit	Credit

2. Bad debts are estimated to be 3.5% of credit sales.

Acct	Debit	Credit

3. VP of Accounting estimates that 10% of accounts receivable will be uncollectable.

Acct	Debit	Credit