

50.1 A drill to practise using the Bad and Doubtful Debts Account

REQUIRED: show the Bad and Doubtful Debts Account of a firm, after recording the following events and situations. Balance the account and make the relevant transfer to the P&L Account.

1. a debt of £75, previously written off as bad, has been recovered
2. a debt of £30 cannot now be collected and should be written off
3. a debt of £47, owed by Debtor X, against which the firm had previously made specific provision, has now been paid
4. a debt of £55, owed by Debtor Y, against which the firm had previously made a specific provision of 100%, now seems to be entirely lost. The debt should be written off and the specific provision should be released
5. a specific provision should be made in respect of Debtor Z, who owes £125
6. an existing general provision for doubtful debts should be decreased by £14

Response

<i>Bad and Doubtful Debts Expense Account</i>			
(2) bad debt written off	30	(1) bad debt reinstated	75
		(3) release of specific provision	47
(4) bad debt written off	55	(4) release of specific provision	55
(5) provision for debtor Z	125	(6) decrease of general provision	14
		transfer to P&L	19
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<i>P&L</i>	
bad and doubtful debt expense	19