

### 5-3A –Percentage of Sales Method

Salazar Inc. shows the following information on May 31, 2017, the company's fiscal year-end:

<b>Account</b>	<b>Debit</b>	<b>Credit</b>
<b>Accounts receivable</b>	\$235,000	
<b>Allowance for doubtful accounts</b>	2,000	
<b>Sales (\$448,000 cash sales)</b>		\$1,850,000

The company's accountant estimates bad debts to be 2% of credit sales.

**Required:**

- Prepare the adjustment to allowance for doubtful accounts based on the information above.
- Show how accounts receivable, net would be disclosed on the balance sheet.

### 5-4A – Aging of Receivables Method

Stormer Company shows the following information on July 31, 2017, the company's fiscal year-end:

<b>Account</b>	<b>Debit</b>	<b>Credit</b>
<b>Accounts receivable</b>	\$5,000	
<b>Allowance for doubtful accounts</b>	500	
<b>Sales (\$5,000 cash sales)</b>		\$75,000

The company's accountant generated the following aging schedule of accounts receivable:

<b>Number of Days Outstanding</b>	<b>Amount Receivable</b>	<b>Estimated Uncollectible</b>
<b>0-30 days</b>	\$3,000	1%
<b>31-60 days</b>	1,000	5%
<b>61-90 days</b>	600	10%
<b>Over 90 days</b>	400	40%

**Required:**

- Prepare the adjustment to allowance for doubtful accounts based on the information above.
- Show how accounts receivable, net would be disclosed on the balance sheet.