

Allowance Method of Accounting for Uncollectible Accounts Receivable --  
3 Basic Transactions:

Adjusting Entry


Write-Off Entry


Reinstatement Entry


Adjusting Entry -- 2 approaches for estimating uncollectible accounts or bad debt expense:

**"Sales" or "Revenue" approach**  
Formula:

**"Receivables" approach**  
Formula if the unadjusted balance in Allowance for Uncollectible Accounts is a credit (on the right):

Formula if the unadjusted balance in Allowance for Uncollectible Accounts is a debit (on the left):