EXAMPLES OF NON-TRADE RECEIVABLES

NON-TRADE ACCOUNT

1	Loans to Shareholders, Directors, or Officers	Non Current
2	Advances to Employees	Current
3	Advances to Affiliates	Non Current
4	Advances to Suppliers	Current
5	Deposits to Guarantee Performance	Non Current
6	Payments to cover possible damages or losses	Non Current
7	Accrued income receivables	Current
8	Subscription Receivables	Current if 1 year Contra Equity if beyond 1 Year
9	Debit balance of creditor's account	Current if material, if immaterial it is netted against accounts payable with credit balance
10	Notes Receivable	Current
11	Claims against Insurance companies	Current
12	Claims against customer for Returnable Containers	
13	Claims against defendants under suit	
14	Claims against creditors for purchase Return or Allowance	
15	Claims against BIR for tax refuns	
16	Claims against common carriers	

ACCOUNTING FOR BAD DEBTS

DIRECT WRITE-OFF

ALLOWANCE METHOD

If Collection is Doubtful

Direct write-off: NO JOURNAL ENTRY

Allowance method:

Account Title	Dr.	Cr.
Doubtful Accounts Expense	XX	
Allowance for Doubtful accounts		XX

If account is proven worthless

Direct write-off:

Account Title	Dr.	Cr.
Bad Debt Expense	XX	
Accounts Receivable		XX

Allowance method:

Account Title	Dr.	Cr.
Allowance for Doubtful Accounts	XX	
Accounts Receivable		XX

Recovery

Direct write-off:

Account Title	Dr.	Cr.
Accounts Receivable	XX	
Bad Debt Expense / Gain		XX
Cash	XX	
Accounts Receivable		XX

Allowance method:

Account Title	Dr.	Cr.
Accounts Receivable	XX	
Allowance for Doubtful accounts		XX
Cash	XX	
Accounts Receivable		XX

PERCENTAGE OF SALES

Income Statement Approach

Sales account
Multiply by: Percentage Uncollectible
Bad Debt Expense

PERCENTAGE OF ACCOUNTS RECEIVABLE

Balance Sheet Approach

Accounts Receivable, end
Multiply by: Percentage Uncollectible
Allowance for Doubtful Accounts, end

PERCENTAGE OF ACCOUNTS RECEIVABLE

Balance Sheet Approach

	Balance of Accounts Receivable		Percentage of Uncollectible		
Category 1	100,000	x	%	=	XX
Category 2	200,000	x	%	=	XX
Category 3	300,000	x	%	=	XX
Allowance for Doubful Accounts, end					XX