Quick Question On Accounting For Bad Debts

On December 31, 1994, before adjustments, the Allowance For Doubtful Accounts had a credit balance of $2,000. Make the bad debt adjustment necessary under each of the following independent assumptions.

A. The company estimates that 2.5% of its 1994 sales of $3,500,000 will not be collectible.

B. An aging of all receivables reveals that $80,000 of current receivables would probably not be collected.

DATE		ACCOUNT TITLE AND DESCRIPTION	PR	DEBIT		CREDIT	