Entries for bad debt expense

The trial balance before adjustment of Suarez Company reports the following balances:

 Dr. Cr.

Accounts receivable $100,000

Allowance for doubtful accounts $ 2,500

Sales (all on credit) 750,000

Sales returns and allowances 40,000

**Instructions**

(a) Prepare the entries for estimated bad debts assuming that doubtful accounts are estimated to be (1) 6% of gross accounts receivable and (2) 1% of net sales.

(b) Assume that all the information above is the same, except that the Allowance for Doubtful Accounts has a debit balance of $2,500 instead of a credit balance. How will this difference affect the journal entries in part (a)?