Solution:

(1)

Journal entries are as follows:

JOURNAL ENTRIES (in thousands of $)			
Date	Particulars	Debit	Credit
Summary entries for 2011	Cash Accounts Receivables To Net Sales Revenue (Being recording of net sales.)	550 600	 1,150
	Bad Debts Expense To Allowance for Bad Debts (Being allowance for bad debts.)	12	 12
	Cash To Accounts Receivables (Being collection of receivables.)	560	 560
	Allowance for Bad Debts To Accounts Receivables (Being write-offs of bad debts.)	9	 9

(2)

The following are ending balances of the accounts in 2011:

(a) Accounts Receivables = $151,000
(b) Allowance for Bad Debts = $13,000 (credit)

(3)

The credit sales during 2011 were $600,000 and the write-offs based on bad debts during that year is $9,000. This corresponds to 1.5% of the credit sales being considered for bad debt.

Thus, a consideration of 2% bad debt appears adequate.