

# The hanlon company essay sample



**ASSIGN  
BUSTER**

1. The Hanlon Company maintains a chequing account at the Royal Bank. The bank provides a bank statement along with cancelled cheques on the last day of each month. The July 2011 bank statement included the following information: Balance, July 1, 2011 \$ 55, 678 Deposits 179, 500 Cheques processed (192, 610) Service charges (30) NSF cheques (1, 200) Monthly loan payment deducted directly by bank from account (includes \$320 in interest) (3, 320) Balance, July 31, 2011 \$ 38, 018 The company's general ledger account had a balance of \$38, 918 at the end of July. Deposits outstanding totalled \$6, 300, and all cheques written by the company were processed by the bank, except for those totalling \$8, 420. In addition, a \$2, 000 July deposit from a credit customer was recorded as a \$200 debit to cash and credit to accounts receivable, and a cheque correctly recorded by the company as a \$30 disbursement was incorrectly processed by the bank as a \$300 disbursement.

Required: a) Prepare a bank reconciliation for the month of July. b) Prepare the necessary journal entries at the end of July to adjust the general ledger cash account. Mandalay Company's January 1, 2011 balances relevant to accounts receivable are as follows: Accounts receivable \$400, 000 (dr.) Allowance for doubtful accounts 20, 000 (cr.) During 2011, \$45, 000 of accounts receivable are judged to be uncollectible, and no additional efforts to collect these accounts will be made. Total sales for 2011 are \$1, 200, 000, of which \$200, 000 are cash sales; \$900, 000 was collected on account during 2011. a) Assuming that Mandalay uses the % of sales method to estimate bad debt expense and uses 4% of credit sales as its estimate of bad debts, provide the journal entries to record write-offs and bad debt expense

for 2011. Also, provide the December 31, 2011 balance sheet amount for net accounts receivable. b) Assuming that Mandalay uses the % of receivables method to estimate net accounts receivable and uses 9% of accounts receivable as its estimate of uncollectibles, provide the journal entries to record write-offs and bad debt expense for 2011.

Also, provide the December 31, 2011 balance sheet amount for net accounts receivable. Harwell Company manufactures automobile tires. On July 15, 2011, the company sold 1,000 tires to the Nixon Car Company for \$50 each. The terms of the sale were 2/10, n/30. Required: a) Assuming Harwell uses the gross method of accounting for cash discounts, i) Prepare the journal entries to record the sale on July 15 (ignore cost of goods) and payment of August 15, 2011. ii) Prepare the journal entries to record the payment if it were instead made on July 23, 2011. b) i&ii) Assuming Harwell uses the net method of accounting for cash discounts, repeat requirements a)i) and a)ii). On January 1, 2009, White Mountain Company sold merchandise for \$12,000 and received a \$12,000, three year, 6% note; 12% was the current market rate of interest at that time. Interest is paid annually at the end of each year and the principal is due at the end of the third year. Provide journal entries from inception to final payment. Use the gross method (i. e. showing both face value of the note and the discount) to record the note receivable.