

Assignment: Manilow Aging Analysis

Manilow Company has asked you to help create year-end journal entries. They are currently reporting \$555,000.00 in accounts receivable and they have sent you a download of their accounts receivable subsidiary ledger for your review, along with the A/R general ledger and the GL print-out of the Allowance Account.

Instructions

Calculate the following items:

- Using the attached spreadsheet, complete the:
 - Net Realizable Value of Accounts Receivable using the aging analysis.
 - Allowance for doubtful accounts amount.
 - Bad debt expense.
- Manilow Company also wants to know how close they would be to the same result if they used the % of sales method monthly.
 - Use Total credit sales for the year = \$4,800,000 and estimated bad debt expense = 0.5% of sales.
 - Calculate the % of sales you would tell Manilow Company to use to come close to the Allowance for doubtful accounts total from 1(a).

Part 1(a): Net Realizable Value

Manilow Corporation Accounts Receivable Aging Analysis

as of

30-Sep-20

			current				
	invoice date		0-30 days	31-60 days	61-90 days	91-120 days	>120 days
ABC Company	9/1/2020	\$ 25,000.00	\$ 25,000.00	\$ -	\$ -	\$ -	\$ -
	9/30/2020	\$ 99,500.00	\$ 99,500.00	\$ -	\$ -	\$ -	\$ -

Babab, Inc.	3/3/2019	\$ 15,000.00	\$ -	\$ -	\$ -	\$ -	\$ 15,000.00
	7/31/2020	\$ 35,000.00	\$ -	\$ -	\$ 35,000.00	\$ -	\$ -
Country, LLC	9/5/2020	\$ 15,000.00	\$ 15,000.00	\$ -	\$ -	\$ -	\$ -
	6/15/2020	\$ 10,000.00	\$ -	\$ -	\$ -	\$ 10,000.00	\$ -
Debo, Co.	8/15/2020	\$ 15,000.00	\$ -	\$ 15,000.00	\$ -	\$ -	\$ -
	4/20/2020	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ 20,000
LaLa Land	9/9/2020	\$ 5,000.00	\$ 5,000	\$ -	\$ -	\$ -	\$ -
	9/30/2020	\$ 125,000.00	\$ 125,000.00	\$ -	\$ -	\$ -	\$ -
Monte and Sons	9/11/2020	\$ 2,800.00	\$ 2,800.00	\$ -	\$ -	\$ -	\$ -
	8/4/2020	\$ 25,000.00	\$ -	\$ 25,000.00	\$ -	\$ -	\$ -
Operational Orgs	9/13/2020	\$ 42,200.00	\$ 42,200.00	\$ -	\$ -	\$ -	\$ -
	8/31/2020	\$ 45,000.00	\$ 45,000.00	\$ -	\$	\$ -	\$ -
Ready Mix	9/15/2020	\$ 35,000.00	\$ 35,000.00	\$ -	\$ -	\$ -	\$ -
	9/16/2020	\$ 40,500.00	\$ 40,500.00	\$ -	\$ -	\$ -	\$ -
Probability of collection			95%	90%	80%	70%	40%
Net realizable value							
Allowance for doubtful accounts							

Accounts Receivable (last month of the fiscal year)

Bal fwd from 8/31/2018	\$410,000		
SJ 52	\$25,000		
SJ 52	\$15,000		
SJ 52	\$10,000		
SJ 52	\$5,000		
CRJ 44		\$65,000	
GJ 99 dtd 9/10/2020		3,000.00	Bad debt written off
SJ 52	\$2,800		
SJ 52	\$42,200		
SJ 52	\$35,000		
SJ 52	\$43,500		
SJ 52	\$125,000		
SJ 52	\$99,500		
CRJ 44		\$190,000	
	\$555,000		
AJE			
Balance as of 9/30/2019	\$555,000		

Part 1(b): Allowance for Doubtful Accounts Amount (entire fiscal year)

	Allowance for Doubtful Accounts	
Bal fwd from 10/1/2019		\$65,000
GJ 23, dtd 12/31/2019	\$2,500	
GJ 40, dtd 3/7/2020	\$15,500	
GJ 87, dtd 7/15/2020	\$4,000	

GJ 99 dtd 8/1/2020	\$3,000	
Unadjusted balance		\$40,000
AJE		
Balance as of 9/30/2020		\$40,000

Part 1(c): Bad Debt Expense (entire fiscal year)

	Bad Debt Expense	
Bal fwd from 10/1/2019		-
Unadjusted balance		-
AJE		
Balance as of 9/30/2020		

Part 2: Percentage of Sales Method Monthly

Sales (annual)	4,800,000.00
% of sales for bad debt	0.50%
Total allowance for bad debt	

	Allowance for Doubtful Accounts	
Bal fwd from 10/1/2019		\$65,000
GJ 23, dtd 12/31/2019	\$2,500	
GJ 40, dtd 3/7/2020	\$15,500	
GJ 87, dtd 7/15/2020	\$4,000	
GJ 99 dtd 8/1/2020	\$3,000	
Unadjusted balance		\$40,000
AJE		
Balance as of 9/30/2020		\$40,000

	Bad Debt Expense	
Bal fwd from 10/1/2019		-
Unadjusted balance		-
AJE		
Balance as of 9/30/2020		

Allowance for doubtful accounts - Part 1(a)	
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Percentage Manilow Company should use:

Sales (annual)	4,800,000.00
% of sales for bad debt	%
Total allowance for bad debt	

Allowance for doubtful accounts - Part 2	
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