

ABC Company buys and sells desks. The following transactions occurred during June:

- June 1 Bought inventory from XYZ Company for \$9,000. Terms 1/15, N/30 FOB Shipping Point.
- June 2 Sold merchandise to Jane Smith for \$1,200 (Cost = \$750). Terms 2/10, N/30 FOB Shipping Point.
- June 3 Paid \$150 freight bill for shipment of June 1.
- June 5 Sold merchandise for \$2,400 cash (Cost = \$1,800).
- June 8 Bought inventory from UVW Company for \$3,450. Terms 2/15, N/60 FOB Destination.
- June 9 Received a \$300 credit memo from UVW Company for return of merchandise received on June 8.
- June 12 Received full payment from Jane Smith (less the discount).
- June 15 Paid XYZ Company in full (less the discount)
- June 18 Sold merchandise to Tom White for \$1,875 (Cost = \$1,350). Terms 2/15, N/60 FOB Shipping Point.
- June 19 Received a \$75 debit memo from Tom White for an error on June 18 invoice.
- June 19 After discussions we issued a \$225 credit memo to Tom White for the June 18 sale.
- June 23 Paid UVW Company in full (less the discount)
- June 28 Received full payment from Tom White (less the discount)

Required:

Assuming ABC Company uses a perpetual inventory system and ignoring sales tax, prepare general journal entries to record these transactions.

Worksheet

DATE	ACCOUNT	TYPE	DEBIT	CREDIT
June 1				
	Explain:			
June 2				
	Explain:			
June 3				
	Explain:			
June 5				
	Explain:			
June 8				
	Explain:			
June 9				
	Explain:			
June 12				
	Explain:			
June 15				
	Explain:			
June 18				
	Explain:			

DATE	ACCOUNT	TYPE	DEBIT	CREDIT
June 19				
	Explain:			
June 19				
	Explain:			
June 23				
	Explain:			
June 28				
	Explain:			

Answer

DATE	ACCOUNT	TYPE	DEBIT	CREDIT
June 1	Inventory	Asset	9,000	
	A/P – XYZ Company	Liability		9,000
	Bought Inventory on account			
June 2	A/R – Jane Smith	Asset	1,200	
	Sales	Revenue		1,200
	Cost of Goods Sold	Expense	750	
	Inventory	Asset		750
	Sold Inventory on account			
June 3	Inventory	Asset	150	
	Cash in Bank	Asset		150
	Paid freight bill for incoming inventory			
June 5	Cash in Bank	Asset	2,400	
	Sales	Revenue		2,400
	Cost of Goods Sold	Expense	1,800	
	Inventory	Asset		1,800
	Sold Inventory for cash			
June 8	Inventory	Asset	3,450	
	A/P – UVW Company	Liability		3,450
	Bought Inventory on account			
June 9	A/P – UVW Company	Liability	300	
	Inventory	Asset		300
	Received Credit for Returned Inventory			
June 12	Cash in Bank	Asset	1,176	
	Sales Discounts	Revenue	24	
	A/R – Jane Smith	Asset		1,200
	Received Payment less Discount of $\$1,200 \times 2\% = \24			
June 15	A/P – XYZ Company	Liability	9,000	
	Inventory	Asset		90
	Cash in Bank	Asset		8,910
	Paid Supplier less Discount of $\$9,000 \times 1\% = \90			
June 18	A/R – Tom White	Asset	1,875	
	Sales	Revenue		1,875
	Cost of Goods Sold	Expense	1,350	
	Inventory	Asset		1,350
	Sold Inventory on account			

DATE	ACCOUNT	TYPE	DEBIT	CREDIT
June 19	Sales	Revenue	75	
	A/R – Tom White	Asset		75
	Error on previous invoice – should have been \$1,800			
June 19	Sales Returns	Revenue	225	
	A/R – Tom White	Asset		225
	Reduction in invoice price after discussion with Tom (Allowance)			
June 23	A/P – UVW Company	Liability	3,150	
	Inventory	Asset		63
	Cash in Bank	Asset		3,087
	Paid Supplier less Return and Discount - $(3,450 - 300) \times 2\% = \63			
June 28	Cash in Bank	Asset	1,543.50	
	Sales Discounts	Revenue	31.50	
	A/R – Tom White	Asset		1,575.00
	Invoice less Error less Allowance less Discount – $(1,875 - 75 - 225) \times 2\%$			