

ABC Company allows some customers to make purchases on credit. Others may use either of two credit cards. The VS card deducts a 2.5% service charge for sales using its credit card and immediately credits the company's account for the net amount. When customers use the AM credit card, the company accumulates the receipts for several days and then sends them to AM Credit Card Company for payment. AM deducts 3% service charge and sends a cheque to the company for the net amount.

ABC Company completed the following transactions:

- Aug 2      Sold merchandise on credit to S. Jones for \$347.00 (Terms are 2/15, N/30)
- Aug 3      Sold merchandise for \$128.00 to customers who used their VS card.
- Aug 3      Sold merchandise for \$215.00 to customers who used their AM credit card.
- Aug 5      Sold merchandise for \$431.00 to customers who used their AM credit card.
- Aug 7      Wrote off the \$197.00 balance in Smith's account (Using the Allowance method)
- Aug 8      The AM credit card receipts accumulated since August 3 were submitted to the credit card company for payment.
- Aug 17     Received full payment from S. Jones
- Aug 19     Received full payment from AM Credit Card Company.

**Required:**

1.           Prepare General Journal entries to record these transactions.

## GENERAL JOURNAL

[illegible]

**GENERAL JOURNAL**

<b>DATE</b>	<b>ACCOUNT</b>	<b>DEBIT</b>	<b>CREDIT</b>
Aug 2	A/R – S. Jones	347.00	
	Sales		347.00
	Explain: Sold on terms 2/15, N/30		
Aug 3	Bank	124.80	
	Credit Card Expense	3.20	
	Sales		128.00
	Explain: Fee = $128.00 \times 2.5\% = 3.20$		
Aug 3	A/R – AM Credit Company	215.00	
	Sales		215.00
	Explain: Payment received by AM card		
Aug 5	A/R – AM Credit Company	431.00	
	Sales		431.00
	Explain: Payment received by AM card		
Aug 7	Allowance for Doubtful Accounts	197.00	
	A/R – Smith		197.00
	Explain: Write off account		
Aug 8	No entry required		
Aug 17	Bank	340.06	
	Sales Discount	6.94	
	A/R – S. Jones		347.00
	Explain: Discount = $347.00 \times 2\% = 6.94$		
Aug 19	Bank	626.62	
	Credit Card Expense	19.38	
	A/R – AM Credit Company		646.00
	Explain: Fee = $(215 + 431) \times 3\% = 19.38$		