

Problem 1

Andre Sampri Sporting Goods Store purchases sporting goods merchandise on account from various vendors. Below is an invoice from Tennis Wear World.

Tennis Wear World Tennis Clothing High Point, CO	
Bill to: Andre Sampri Sporting Goods Store Reno Way, #1234 Denver, CO	INVOICE # 1288

Delivery Date	Invoice Date	F.O.B. Point	Terms
May 15, 20X1	May 15, 20X1	Denver	2/10,n/30

QTY	Description	UNIT PRICE	TOTAL
140	Super Dry Shirt sport collection	\$ 75	\$ 10,500
25	Tennis Visor – head wear	10	\$ 250
15	Summer Fun collection	30	\$ 450
TOTAL			\$ 11,200

- a) Prepare Andre Sampri's journal entries for each of the following transactions, assuming use of a periodic inventory system and the "gross method" of recording:

To record the invoice on May 15.

To record the return of the Summer Fun collection on May 17.

To record the payment of the balance due if payment occurred on May 20.

To record the payment of the balance due if payment occurred on May 30.

- b) Repeat requirement (a) assuming Andre Sampri uses the periodic inventory system and the "net method" of recording.

Worksheet 1

a)

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
May 15			
	<i>Purchased merchandise on account, terms 2/10,n/30</i>		
May 17			
	<i>Returned the Summer Fun collection</i>		
May 20			
	<i>Paid invoice, discount taken</i>		
May 30			
	<i>Paid invoice, discount missed</i>		

b)

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
May 15			
	<i>Purchased merchandise on account, terms 2/10,n/30</i>		
May 17			
	<i>Returned the Summer Fun collection</i>		
May 20			
	<i>Paid invoice, discount taken</i>		
May 30			
	<i>Paid invoice, discount missed</i>		

Solution 1

a)

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
May 5	Purchases	11,200	
	Accounts Payable		11,200
	<i>Purchased merchandise on account, terms 1/10,n/30</i>		
May 7	Accounts Payable	450	
	Purchases Returns & Allowances		450
	<i>Returned the Summer Fun collection</i>		
May 10	Accounts Payable	10,750	
	Purchase Discounts		215
	Cash		10,535
	<i>Paid invoice, discount taken (($\\$11,200 - \\450) \times 2% = \$215)</i>		
May 20	Accounts Payable	10,750	
	Cash		10,750
	<i>Paid invoice, discount missed</i>		

b)

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
May 5	Purchases	10,976	
	Accounts Payable		10,976
	<i>Purchased merchandise on account, terms 2/10,n/30 ($\\$11,200 - (\\$11,200 \times 2\%) = \\$10,976$)</i>		
May 7	Accounts Payable	441	
	Purchases Returns & Allowances		441
	<i>Returned the Summer Fun collection ($\\$450 - (\\$450 \times 2\%)$)</i>		
May 10	Accounts Payable	10,535	
	Cash		10,535
	<i>Paid invoice, discount taken ($\\$10,976 - \\$491 = \\$10,535$)</i>		
May 20	Accounts Payable	10,535	
	Purchase Discounts Lost	215	
	Cash		10,750
	<i>Paid invoice, discount missed</i>		