

Problem 8

Timeless Time Clock Shop reported the following merchandising-related transactions during April. Timeless Time Clock records all purchases “gross” and credit terms are precisely followed on both purchases and sales.

Prepare journal entries to record each transaction.

- | | |
|--------|--|
| 03-apr | Purchased \$2,000 of clocks on account from Tic Toc Time, F.O.B. destination, terms 1/10, n/30. |
| 05-apr | Sold a \$750 clock to Harold Lee on account, terms 2/10, n/eom. The customer picked up the clock from the shop. |
| 09-apr | Paid the amount due for the purchase of April 3. |
| 11-apr | Purchased \$4,000 of clocks on account from Creighton Clockworks, F.O.B. shipping point, terms 2/10, n/30. Freight charges of \$230 were prepaid by Creighton and added to the invoice. No discount is permitted on the freight charges. |
| 19-apr | Sold a \$1,750 clock on account, terms 2/10, n/eom. Timeless sold the clock F.O.B. destination, and paid the freight charges of \$165. |
| 23-apr | The customer of April 19 called to report that the clock was received damaged. An agreement was reached to reduce the invoice by 20%. |
| 27-apr | Paid Creighton Clockworks for the purchase of April 11. |
| 27-apr | Harold Lee paid for the purchase of April 5. |
| 28-apr | The customer of April 19 paid the balance due. |

Worksheet 8

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
03-Apr			
	<i>Purchased clocks on account, terms 1/10,n/30</i>		
05-Apr			
	<i>Sold clock on account, terms 2/10, n/eom</i>		
09-Apr			
	<i>Paid for the purchase of April 3, taking the 1% discount</i>		
11-Apr			
	<i>Received bill for cost of supplies</i>		
19-Apr			
	<i>Sold clock on account, 2/10, n/eom, F.O.B. destination</i>		
23-Apr			
	<i>Reduced balance due from customer on account of damage</i>		

27-Apr			
	<i>Paid the full amount due for the purchase of April 11</i>		
27-Apr			
	<i>Collected the amount due for the sale on April 5</i>		
28-Apr			
	<i>Collected remaining amount for April 19 sale, less 2% discount</i>		

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Solution 8

GENERAL JOURNAL			
Date	Accounts	Debit	Credit
03-Apr	Purchases	2,000	
	Accounts Payable		2,000
	<i>Purchased clocks on account, terms 1/10,n/30</i>		
05-Apr	Accounts Receivable	750	
	Sales		750
	<i>Sold clock on account, terms 2/10, n/eom</i>		
09-Apr	Accounts Payable	2,000	
	Purchases Discounts		20
	Cash		1,980
	<i>Paid for the purchase of April 3, taking the 1% discount</i>		
11-Apr	Purchases	4,000	
	Freight-in	230	
	Accounts Payable		4,230
	<i>Received bill for cost of supplies</i>		
19-Apr	Accounts Receivable	1,750	
	Freight-out	165	
	Sales		1,750
	Cash		165
	<i>Sold clock on account, 2/10, n/eom, F.O.B. destination</i>		
23-Apr	Sales Returns and Allowances	350	
	Accounts Receivable		350
	<i>Reduced balance due from customer on account of damage</i>		

27-Apr	Accounts Payable	4,230	
	Cash		4,230
	<i>Paid the full amount due for the purchase of April 11</i>		
27-Apr	Cash	750	
	Accounts Receivable		750
	<i>Collected the amount due for the sale on April 5</i>		
28-Apr	Cash	1,372	
	Sales Discounts	28	
	Accounts Receivable		1,400
	<i>Collected remaining amount for April 19 sale, less 2% discount</i>		

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What if you could build your future and create the future?

One generation's transformation is the next's status quo. In the near future, people may soon think it's strange that devices ever had to be "plugged in." To obtain that status, there needs to be "The Shift".