

BRIEF EXERCISE BE 5-2

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Murray Company (seller)

<u>Acct Titles</u>	<u>Debit</u>	<u>Credit</u>
Accts Rec	780	
Sales		780
C O G S	470	
Inventory		470

Brad Company (buyer)

<u>Acct Titles</u>	<u>Debit</u>	<u>Credit</u>
Inventory	780	
Accts Pay		780

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Derrick Company (seller)

	<u>Acct Titles</u>	<u>Debit</u>	<u>Credit</u>
3/2	Accts Rec	900,000	
	Sales		900,000
2	COGS	620,000	
	Inventory		620,000
6	Sales R&A	90,000	
	Accts Rec		90,000
6	Inventory	62,000	
	COGS		62,000
12	Cash	793,800	
	Sales Disc	16,200	
	Accts Rec		810,000

Rose Company (buyer)

	<u>Acct Titles</u>	<u>Debit</u>	<u>Credit</u>
3/2	Inventory	900,000	
	Accts Pay		900,000
6	Accts Pay	90,000	
	Inventory		90,000
12	Accts Pay	810,000	
	Inventory		16,200
	Cash		793,800

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<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
12/3	Accts Receivable		570,000	
	Sales			570,000
3	Cost of Goods Sold		350,000	
	Inventory			350,000
8	Sales Ret & Allow		20,000	
	Accts Receivable			20,000
13	Cash		539,000	
	Sales Discount		11,000	
	Accts Receivable			550,000
(b)	Cash		550,000	
	Accts Receivable			550,000

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<u>Date</u>	<u>Account Titles</u>	<u>Ref</u>	<u>Debit</u>	<u>Credit</u>
4/5	Inventory		23,000	
	Accounts Payable			23,000
6	Inventory		900	
	Cash			900
7	Equipment		26,000	
	Accounts Payable			26,000
8	Accounts Payable		3,000	
	Inventory			3,000
15	Accounts Payable		20,000	
	Inventory			400
	Cash			19,600
(b)				
5/4	Accounts Payable		20,000	
	Cash			20,000

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Jarrah Company (seller)

	<u>Acct Titles</u>	<u>Debit</u>	<u>Credit</u>
6/10	Accts Rec	8,000	
	Sales		8,000
	COGS	4,800	
	Inventory		4,800
11	no entry		
12	Sales Ret & Alw	300	
	Accts Rec		300
	Inventory	70	
	COGS		70
19	Cash	7,546	
	Sales Discount	154	
	Accts Rec		7,700

Naveen Company (purchaser)

	<u>Acct Titles</u>	<u>Debit</u>	<u>Credit</u>
6/10	Inventory	8,000	
	Accts Pay		8,000
11	Inventory	400	
	Cash		400
12	Accts Pay	300	
	Inventory		300
19	Accts Pay	7,700	
	Inventory		154
	Cash		7,546

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Garcia Company
Income Statement
For the Year Ended October 31, 2012

Sales		\$820,000
Less:	Sales Ret & Allow	\$25,000
	Sales Discounts	<u>13,000</u>
		<u>38,000</u>
Net Sales		\$782,000

Note: Freight-Out is a Selling Expense.

<u>Date</u>	<u>Account Titles</u>	<u>Debit</u>	<u>Credit</u>
31	Sales	820,000	
	Income Summary		820,000
31	Income Summary	54,000	
	Sales Ret & Allow		25,000
	Sales Discounts		13,000
	Freight-Out		16,000
	Cost of Goods Sold		xxx
	Expense Accounts		xxx

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<u>Date</u>	<u>Account Titles</u>	<u>Debit</u>	<u>Credit</u>
31	Cost of Goods Sold	600	
	Inventory		600
31	Sales	380,000	
	Income Summary		380,000
31	Income Summary	335,600	
	Sales Ret & Allow		13,000
	Sales Discounts		10,000
	Freight-Out		7,000
	Cost of Goods Sold		218,600
	Insurance Expense		12,000
	Rent Expense		20,000
	Salary Expense		55,000
31	Income Summary	44,400	
	X. Hurley, Capital		44,400

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Myers Company Income Statement

For the Year Ended October 31, 2012

Sales			\$380,000
Less: Sales Discounts		\$ 5,000	
Sales Rets and Allow		<u>11,000</u>	<u>16,000</u>
Net Sales			\$364,000

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<u>Date</u>	<u>Account Titles</u>	<u>Debit</u>	<u>Credit</u>
31	Sales	195,000	
	Income Summary		195,000
31	Income Summary	119,000	
	Sales Discounts		2,000
	Cost of Goods Sold		117,000
	Expense Accounts		xxx

Prepare a partial Income Statement.

Sales	\$195,000
Less: Sales Discounts	<u>2,000</u>
Net Sales	\$193,000
Cost of Goods Sold	<u>117,000</u>
Gross Profit	\$ 76,000