

Name _____ Date _____ A

Discussion Section _____ Row _____ Seat _____

PRINCIPLES OF FINANCIAL ACCOUNTING I

Chapter 5 -- Perpetual

Fall 2014

“As a student of ORU, I hereby pledge my full and hearty support to the Honor Code. I agree not only to be honest myself but to report all cases of dishonesty that are observed by me.”

Ken’s Parts Place, using the perpetual inventory method, sold \$3,000 worth of parts, at a cost of \$1,500, terms FOB shipping point, 2/10, n/30, to We Have Parts, Inc.; issued a credit memorandum for merchandise returned, \$500, having a cost of \$250; and received payment for the merchandise within the discount period.

Give the entries in general journal form to record Ken’s (a) sale, (b) receipt of the returned merchandise, and (c) receipt of the check.

Please skip a line between each journal entry.

(a)	Accounts Receivable	3,000	
	Sales		3,000
	Cost of Goods Sold	1,500	
	Inventory		1,500
(b)	Sales Returns and Allowances	500	
	Accounts Receivable		500
	Inventory	250	
	Cost of Goods Sold		250
(c)	Cash	2,450	
	Sales Discount	50	
	Accounts Receivable		2,500