Merchandising transactions
Review 2

The following is a series of related transactions between Charlie's Chair's, a furnature wholesaler, and Rebecca's Recliners, a chain of furnature stores.

February 9 Charlie's Chair's sold Rebecca's Recliners 70 sofa's on account, terms 2/10, n/30. The cost of these sofa's to Charlie's Chair's was $150, and the sales price was $260 per stereo.

February 12 Rebecca's Recliners returned 10 sofa's to Charlie's Chair's because they were the wrong model. Charlie's Chair's allowed Rebecca's Recliners full credit for this return.

February 14 United Shipping charged $260 for delivering the merchandise to Rebecca's Recliners. These charges were split evenly between the buyer and seller, and were paid immediately in cash.

February 19 Rebecca's Recliners paid the remaining balance due to Charlie's Chair's within the discount period.

A. Record this series of transaction in the general Journal for Rebecca's Recliners. (The company records purchases of merchandise at *net cost*)

B. Assume Rebecca's Recliners did not pay Charlie's Chair's within the discount period but instead paid the full invoice price on March 1. Prepare journal entries to record this payment

C. Record this series of transaction in the general Journal for Rebecca's Recliners. (The company records purchases of merchandise at *Gross Method*)

D. Assume Rebecca's Recliners did not pay Charlie's Chair's within the discount period but instead paid the full invoice price on March 1. Prepare journal entries to record this payment

E. Record this series of transactions in the general journal for Charlie's Chair's.

F. Assume Rebecca's Recliners did not pay Charlie's Chair's within the discount period but instead paid the full invoice price on March 1. Prepare journal entries to record this payment

General Journal

Date		Account Titles	Ref.	Debit		Credit	

A

B

C

D

General Journal

Date		Account Titles	Ref.	Debit		Credit	

General Journal

	Date		Account Titles	Ref.	Debit	Credit
A	Feb	9	Inventory		17836 -	
			A/P (Charlie)			17836 -
			10·260 = 18200 · 98			
		12	A/P (Charlie)		2548 -	
			Inventory			2548 -
			10·260 = 2600 · 98			
		14	Inventory		130 -	
			Cash			130 -
		19	A/P (Charlie)		15288 -	
			Cash			15288 -
B	March	1	A/P		15288 -	
			Purchase Discounts Lost		312 -	
			Cash			15600 -
			60·260			
C	Feb	9	Inventory		18200 -	
			A/P (Charlie)			18200 -
		12	A/P (Charlie)		2600 -	
			Inventory			2600 -
			10·260			
		14	Inventory		130 -	
			Cash			130 -
		19	A/P		15600 -	
			Purchase Discounts Taken			312 -
			Cash			15288 -
D	March	1	A/P		15600 -	
			Cash			15600 -

General Journal

Date		Account Titles	Ref.	Debit	Credit
E Feb	9	A/R (Rebecca)		18200 -	
		Sales			18200 -
		70 · 260			
		COGS		10500 -	
		Inventory			10500 -
		70 · 150			
	12	Sales Returns & Allowances		2600 -	
		A/R (Rebecca)			2600 -
		10 · 260			
		Inventory		1500 -	
		COGS			1500 -
		10 · 150			
	14	Shipping Expense		130 -	
		Cash			130 -
	19	Cash		15288 -	
		Sales Discount		312 -	
		A/R (Rebecca)			15600 -
F March	1	Cash		15600 -	
		A/R (Rebecca)			15600 -