

Chapter 5

XYZ is a merchandizing company, the following transactions took place in January, 2012:

- January 3 Sold \$1,200 of goods to Display town, terms 2/15, n/e.o.m. *(Cost \$760)
- January 5 Display town returned of goods \$300 (Cost \$195)
- January 9 Purchased \$1,300 of inventory from Top showroom, terms 2/10, n/15
- January 11 Sold \$880 of goods to Sub-Bun , terms 2/15, n/e.o.m. (cost \$ 470)
- January 13 Paid the amount owed to Top showroom.
- January 19 Received payment from Sun-Bun.
- January 22 Received payment from Display town.
- January 30 XYZ records shows \$8,000 inventory ending balance, and the physical count revealed \$7,800 worth Inventory

Further information:

Total administrative expense for January is 400. Total selling Expenses for January is \$ 200.

Requirements:

1. Journalize January transactions.
2. Prepare the Multiple-step Income statement

	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Jan, 3	A/R	1200	
	Sales Revenue		1200
	COGS	760	
	Inventory		760
Jan, 5	Sales Return Allow	300	
	A/R		300
	Inventory	195	
	COGS		195
Jan, 9	Inventory	1300	
	A/P		1300
Jan, 11	A/R	880	
	Sales Rev		880
	COGS	470	
	Inv		470
Jan, 13	A/P	1300	
	Inventory 2% X 1300		26
	Cash		1274
Jan, 19	Cash	862	
	Sales	18	
	A/R		880
Jan, 22	Cash	900	
	A/R		900
Jan, 30	COGS	200	
	Inv		200

Adjust = 8000 - 7800

Multi-step Income Statement		
Sal. Pen	2080	
- Sal. & retur.	(300)	
= Net Sal. Sal. dik	(18)	
- G. & S. Net Sal.		
= COGS	1235	
G. Profit		

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Chapter 6

Putter paradise carries an inventory of putters and other golf clubs. Putter's uses the average-cost method and a perpetual inventory system. Sales price of each putter is \$141. Company records indicate the following for a particular line of Putter paradise putters:

Date	Item	Quantity	Unit Cost
Sep 1	Balance	4	\$63
6	Sale	2	
8	Purchase	8	\$74
17	Sale	4	
29	Purchase	2	\$75
30	Sale	2	

Requirements

1. Prepare perpetual inventory record for the putters using the average method.

Date	PUR	Sale - COGS	Inventory
Sep 1			4 X 63 = 252
Sep 6		2 X 63 = 126	2 X 63 = 126
Sep 8	8 X 74 = 592		10 X 71.8 = 718
Sep 17		4 X 71.8 = 287.2	6 X 71.8 = 431
Sep 29	2 X 75 = 150		8 X 72.6 = 581
Sep 30		2 X 72.6 = 145	6 X 72.6 = 435

2. Determine the balances of the following:

- Ending inventory balance

435

- Sales revenue

8 X 141 = 1128

- Cost of goods sold

(558)

- Gross Profit

570

