ABC Company buys and sells desks. The following transactions occurred during June:

June 1   Bought inventory from XYZ Company for $6,000. Terms 1/15, N/30 FOB Shipping Point.

June 2   Sold merchandise to Jane Smith for $800 (Cost = $500). Terms 2/10, N/30 FOB Shipping Point.

June 3   Paid $100 freight bill for shipment of June 1.

June 5   Sold merchandise for $1,600 cash (Cost = $1,200).

June 8   Bought inventory from UVW Company for $2,300. Terms 2/15, N/60 FOB Destination.

June 9   Received a $200 credit memo from UVW Company for return of merchandise received on June 8.

June 12   Received full payment from Jane Smith (less the discount).

June 15   Paid XYZ Company in full (less the discount)

June 18   Sold merchandise to Tom White for $1,250 (Cost = $900). Terms 2/15, N/60 FOB Shipping Point.

June 19   Received a $50 debit memo from Tom White for an error on June 18 invoice.

June 19   After discussions we issued a $150 credit memo to Tom White for the June 18 sale.

June 23   Paid UVW Company in full (less the discount)

June 28   Received full payment from Tom White (less the discount)

Required:
Assuming ABC Company uses a perpetual inventory system and ignoring sales tax, prepare general journal entries to record these transactions.

Worksheet

DATE	ACCOUNT	TYPE	DEBIT	CREDIT
June 1				
	Explain:			
June 2				
	Explain:			
June 3				
	Explain:			
June 5				
	Explain:			
June 8				
	Explain:			
June 9				
	Explain:			
June 12				
	Explain:			
June 15				
	Explain:			
June 18				
	Explain:			

DATE	ACCOUNT	TYPE	DEBIT	CREDIT
June 19				
	Explain:			
June 19				
	Explain:			
June 23				
	Explain:			
June 28				
	Explain:			

Answer

DATE	ACCOUNT	TYPE	DEBIT	CREDIT
June 1	Inventory	Asset	6,000	
	A/P – XYZ Company	Liability		6,000
	Bought Inventory on account			
June 2	A/R – Jane Smith	Asset	800	
	Sales	Revenue		800
	Cost of Goods Sold	Expense	500	
	Inventory	Asset		500
	Sold Inventory on account			
June 3	Inventory	Asset	100	
	Cash in Bank	Asset		100
	Paid freight bill for incoming inventory			
June 5	Cash in Bank	Asset	1,600	
	Sales	Revenue		1,600
	Cost of Goods Sold	Expense	1,200	
	Inventory	Asset		1,200
	Sold Inventory for cash			
June 8	Inventory	Asset	2,300	
	A/P – UVW Company	Liability		2,300
	Bought Inventory on account			
June 9	A/P – UVW Company	Liability	200	
	Inventory	Asset		200
	Received Credit for Returned Inventory			
June 12	Cash in Bank	Asset	784	
	Sales Discounts	Revenue	16	
	A/R – Jane Smith	Asset		800
	Received Payment less Discount of $800 X 2% = $16			
June 15	A/P – XYZ Company	Liability	6,000	
	Inventory	Asset		60
	Cash in Bank	Asset		5,940
	Paid Supplier less Discount of $6,000 X 1% = $60			
June 18	A/R – Tom White	Asset	1,250	
	Sales	Revenue		1,250
	Cost of Goods Sold	Expense	900	
	Inventory	Asset		900
	Sold Inventory on account			

DATE	ACCOUNT	TYPE	DEBIT	CREDIT
June 19	Sales	Revenue	50	
	A/R – Tom White	Asset		50
	Error on previous invoice – should have been $1,200			
June 19	Sales Returns	Revenue	150	
	A/R – Tom White	Asset		150
	Reduction in invoice price after discussion with Tom (Allowance)			
June 23	A/P – UVW Company	Liability	2,100	
	Inventory	Asset		42
	Cash in Bank	Asset		2,058
	Paid Supplier less Return and Discount - (2,300 - 200) X 2% = $42			
June 28	Cash in Bank	Asset	1,029	
	Sales Discounts	Revenue	21	
	A/R – Tom White	Asset		1,050
	Invoice less Error less Allowance less Discount – (1,250 – 50 – 150) X 2%			