ABC Company allows some customers to make purchases on credit. Others may use either of two credit cards. The VS card deducts a 4% service charge for sales using its credit card and immediately credits the company's account for the net amount. When customers use the AM credit card, the company accumulates the receipts for several days and then sends them to AM Credit Card Company for payment. AM deducts 5% service charge and sends a cheque to the company for the net amount.

ABC Company completed the following transactions:

Aug 2 Sold merchandise on credit to John Doe for $386.00 (Terms are 2/10, N/60)

Aug 3 Sold merchandise for $7,130.00 to customers who used their VS card.

Aug 3 Sold merchandise for $4,165.00 to customers who used their AM credit card.

Aug 5 Sold merchandise for $935.00 to customers who used their AM credit card.

Aug 7 Wrote off the $456.00 balance in Smith's account (Using the Allowance method)

Aug 8 The AM credit card receipts accumulated since August 3 were submitted to the credit card company for payment.

Aug 17 Received full payment from John Doe

Aug 19 Received full payment from AM Credit Card Company.

Required:

1. Prepare General Journal entries to record these transactions.

GENERAL JOURNAL

DATE	ACCOUNT	DEBIT	CREDIT

GENERAL JOURNAL

DATE	ACCOUNT	DEBIT	CREDIT
Aug 2	A/R – John Doe	386.00	
	Sales		386.00
	Explain: Sold on terms 2/10, N/60		
Aug 3	Bank	6,844.80	
	Credit Card Expense	285.20	
	Sales		7,130.00
	Explain: Fee = 7,130 X 4% = 285.20		
Aug 3	A/R – AM Credit Company	4,165.00	
	Sales		4,165.00
	Explain: Payment received by AM card		
Aug 5	A/R – AM Credit Company	935.00	
	Sales		935.00
	Explain: Payment received by AM card		
Aug 7	Allowance for Doubtful Accounts	456.00	
	A/R – Smith		456.00
	Explain: Write off account		
Aug 8	No entry required		
Aug 17	Bank	386.00	
	A/R – John Doe		386.00
	Explain: Not within discount period		
Aug 19	Bank	4,845.00	
	Credit Card Expense	255.00	
	A/R – AM Credit Company		5,100.00
	Explain: Fee = (4,165 + 935) X 5% = 255.00		