Periodic

TOPIC NAME :

DAY :

TIME : DATE : / /

a)

Date	Account Details	Ref	DR	CR
April 2	~~[illegible]~~ Purchases - Merchandise DR		6900	
	Accounts Payable CR			6900
April 4	Accounts Receivable DR		5500	
	Sales Revenue CR			5500
April 5	Freight Out DR		240	
	Cash CR			240
April 6	Accounts payable DR		500	
	Purchase Returns & Allowances CR			500
April 11	Accounts payable DR		6400	
	Purchase Discount CR			64
	Cash CR			6336
April 13	Cash DR		5445	
	Sales Discount DR		55	
	Accounts Receivable CR			5500

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April 14	Purchases - Merchandise DR	3800	
	Cash CR		3800
April 16	Cash DR	500	
	Purchases Returns & Allowances CR		500
April 18	Purchases - Merchandise DR	4500	
	Accounts payable CR		4500
April 20	Freight in DR	100	
	Cash CR		100
April 23	Cash DR	6400	
	Sales Revenue CR		6400
April 26	Purchases - merchandise DR	2300	
	Cash CR		2300

TOPIC NAME : DAY : TIME : DATE : / /

April 27	Accounts Payable DR	4500	
	Purchase Discount CR		90
	Cash CR		4410
April 29	Sales Return & Allowances DR	90	
	Cash CR		90
April 30	Accounts Receivable DR	3700	
	Sales Revenue CR		3700

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Assignment - 5

Perpetual [illegible]

TOPIC NAME :

DAY :

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b)

Date	Account Details	Ref	~~Debit~~ DR	CR
02nd April	Merchandise Inventory DR	120	6900	
	Accounts Payable CR	201		6900
04th April	Accounts Receivable DR	112	5500	
	Sales Revenue CR	401		5500
	Cost of Goods sold DR	505	4100	
	Merchandise Inventory CR	120		4100
05th April	Freight Out DR	644	240	
	Cash CR	101		240
6th April	Accounts payable DR	201	500	
	Merchandise Inventory CR	120		500
11th April	Accounts payable DR	201	6400	
	Merchandise Inventory CR	120		64
	Cash CR	101		6336
	(6900 - 500 = 6400)			
	(6400 × 1/100)			

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13th April	Cash DR	101	5445	
	Sales Discount DR	414	55	
	Accounts Receivable CR	112		5500
	$(5500 \times \frac{1}{100})$			
14th April	Merchandise Inventory DR	120	3800	
	Cash CR	101		3800
16th April	Cash DR	101	500	
	Merchandise Inventory CR	120		500
18th April	Merchandise Inventory DR	120	4500	
	Accounts Payable CR	201		4500
20th April	~~Freight in~~ Merchandise Inventory DR	120	100	
	Cash CR	101		100
	(Freight in = Merchandise Inventory)			
23rd April	Cash DR	101	6400	
	Sales Revenue CR	401		6400
	Cost of goods sold DR	505	5120	
	Merchandise Inventory CR	120		5120

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26th April	Merchandise Inventory DR	120	2300	
	Cash CR	101		2300
27th April	Accounts Payable DR	201	4500	
	Merchandise Inventory CR	120		90
	Cash CR	101		4410
	$(4500 \times \frac{2}{100})$			
29th April	Sales Returns and Allowances DR	412	90	
	Cash CR	101		90
	Merchandise Inventory DR	120	30	
	Cost of goods sold CR	505		30
30th April	~~Cash D~~ Accounts Receivable DR	112	3700	
	Sales Revenue CR	401		3700
	Cost of goods sold DR	505	2800	
	Merchandise Inventory CR	120		2800

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TOPIC NAME : DAY : TIME : DATE : / /

Gordman Department Store
Income Statement
For the year ended December 31, 2010

Sales Revenues

Sales			718000
Less: Sales Returns & Allowances	[redacted]		8000
Net sales			710000

Cost of goods sold

Beginning merchandise inventory		[redacted] 40500	
Purchases	447000		
Less: Purchase Discounts	12000		
Purchase returns & allowances	6400		
Net Purchase	428600		
Add: Freight-in	5600		
Cost of goods purchased	~~434200~~	434200	
Cost of goods available for sale		474700	

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Merchandise Inventory	75000	
Cost of goods sold		399700
Gross profit		310300

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a) Cost of goods sold

	2008	2009	2010
Beginning inventory	13000	11300	14700
Plus: Purchases	146000	145000	129000
Cost of goods available	159000	156300	143700
Less: Ending Inventory	11300	14700	12200
Cost of goods sold	147700	141600	131500

b)

	2008	2009	2010
Sales	225700	227600	219500
Less: Cost of goods sold	147700	141600	131500
Gross profit	78000	86000	88000

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c)

	2008	2009	2010
Beginning accounts payable	20000	31000	15000
Plus: Purchases	146000	145000	129000
Less: Payment to suppliers	135000	161000	127000
Ending accounts payable	31000	15000	17000

d) 2008 → $\frac{78000}{225700} = 0.3457 = 34.6\%$

2009 → $\frac{86000}{227600} = 0.378 = 37.8\%$

2010 → $\frac{88000}{219500} = 0.4009 = 40.1\%$

No. Even though sales declined in 2010, the gross profit rate increased. That is, cost of goods sold declined more than sales did. Therefore despite declining sales, profitability actually improved.

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