**Financial Accounting *Homework 5***

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**P 5-3 A**

***(a) Answer:***

We can journalize the April transaction using a perpetual inventory system as follow:

**Apr. 5:** *Dr.* Inventory $1,500

*Cr.* Accounts Payable $1,500

**7:** *Dr.* Inventory $80

*Cr.* Cash $80

**9:** *Dr.* Accounts Payable $200

*Cr.* Inventory $200

**10.** *Dr.* Accounts Receivable $1,340

*Cr.* Sales Revenue $1,340

*Dr.* COGS $820

*Cr.* Inventory $820

**12.** *Dr.* Inventory $830

*Cr.* Accounts Payable $830

**14.** *Dr.* Accounts Payable $1,300 (1500-200)

*Cr.* Inventory $39 (1300\*0.03)

*Cr.* Cash $1,261 (1300-39)

**17.** *Dr.* Accounts Payable $30

*Cr.* Inventory $30

**20.** *Dr.* Accounts Receivable $810

*Cr.* Sales Revenue $810

*Dr.* COGS $550

*Cr.* Inventory $550

**21.** *Dr.* Accounts Payable $800 (830-30)

*Cr.* Inventory $8 (800\*0.01)

*Cr.* Cash $792 (800-8)

**27.** *Dr.* Sales Returns and Allowances $80

*Cr.* Accounts Receivable $80

**30.** *Dr.* Cash $1,220

*Cr.* Accounts Receivable $1,220

***(b) Answer:***

The T accounts could be:

|  |  |
| --- | --- |
| **Cash** | |
| Apr. 1: Bal. $2,500  30: 1,220 | Apr. 7: $ 80  14: 1,261  21: 792 |
| **Apr. 30: Bal. $1,587** |  |

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| **Accounts Receivable** | |
| Apr. 10: $1,340  20: 810 | Apr. 27: $80  30: $1,220 |
| **Apr. 30: Bal. $850** |  |

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| **Accounts Payable** | |
| Apr. 9: $200  14: 1,300  17: 30  21: 800 | Apr. 5: $1,500  12: 830 |
|  | Apr. 30: Bal. 0 |

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| **Inventory** | |
| Apr. 1: Bal. $3,500  5: 1,500  7: 80  12: 830 | Apr. 9: $200  10: 820  14: 39  17: 30  20: 550  21: 8 |
| **Apr. 30: Bal. $4,263** |  |

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| **Sales Revenue** | |
|  | Apr. 10: $1,340  20: $ 810 |
|  | **Apr. 30: Bal. $2,150** |

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| --- | --- |
| **COGS** | |
| Apr. 10: $820  20: $550 |  |
| **Apr. 30: Bal. $1,370** |  |

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| **Sales Returns and Allowances** | |
| Apr. 27: $80 |  |
| **Apr. 30: Bal. $80** |  |

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| **Common Stocks** | |
|  | Apr. 1: Bal. $6,000 |
|  | **Apr. 30: Bal. $6,000** |

***(c) Answer:***

The **Trail Balance** at April 30, 2012 should be:

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| --- | --- | --- |
| **Trail Balance**  **Apr. 30, 2012** | | |
|  | Debit | Credit |
| Cash | $1,587 |  |
| Accounts Receivable | 850 |  |
| Inventory | 4,263 |  |
| COGS | 1,370 |  |
| Sales Returns and Allowances | 80 |  |
| Accounts Payable |  | $ 0 |
| Sales Revenue |  | 2,150 |
| Common Stocks |  | 6,000 |
|  | **$8,150** | **$8,150** |

***(d) Answer:***

The **income statement** through gross profit should be:

|  |  |
| --- | --- |
| **Income Statement Apr. 30, 2012** | |
| Sales Revenues |  |
| Sale Revenue | $2,150 |
| Less: Sales Returns and Allowances | 80 |
| Net Sales | 2,070 |
| COGS | 1,370 |
| Gross Profit | **$700** |

**E 5-10**

***Answer:***

We can prepare **the cost of goods section** (Periodic system) for the year ending August 31 like:

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| --- | --- | --- |
| Inventory Beg. (Sep 1, 2011) |  | $18,700 |
| Purchase | $154,000 |  |
| Freight-in | 8,000 |  |
| Less: Purchase Returns and Allowances | 5,000 |  |
| Cost of Goods Purchased |  | 157,000 |
| Cost of Goods Available for Sale |  | 175,700 |
| Inventory End. (Aug 31, 2012) |  | (21,000) |
| Cost of goods sold |  | $154,700 |