**Problem 5-3:**

The information related to Change Co. is presented below. Change Co. uses a **periodic inventory system.**

|  |  |
| --- | --- |
| April 5 | Purchased merchandise from Boy Company for $6,000, terms 5/10, net/30, FOB shipping point. |
| April 6 | Purchased equipment (for business operation) from Saijo Denko on account for $7,000, terms 2/10, net/30, FOB shipping point. |
| April 7 | Paid transportation cost $500 for the equipment purchased from Saijo Denko. |
| April 8 | Paid the amount due to Boy Company in full. |
| April 10 | Sold merchandise to Hot Co. for $9,000, offering terms of 2/10, n/30. |
| April 15 | Paid transportation cost $180 for the merchandise purchased from Boy Company. |
| April 30 | Collected cash from Hot Co. |

**Instruction:** Prepare the journal entries to record the transactions in the books of Change Co.

Explanations are not required.

**Journal entries**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Account title** | **Debit** | **Credit** |
| April 5 | Purchases | 6,000 |  |
|  | Accounts Payable – **Boy Co.** |  | 6,000 |
|  |  |  |  |
| April 6 | Equipment | 7,000 |  |
|  | Accounts Payable – Saijo Denki |  | 7,000 |
|  |  |  |  |
| April 7 | Equipment | 500 |  |
|  | Cash |  | 500 |
|  |  |  |  |
| April 8 | Accounts Payable – Boy Company | 6,000 |  |
|  | Cash |  | 5,700 |
|  | Purchase Discount (5% of 6,000) |  | 300 |
|  |  |  |  |
| April 10 | Accounts Receivable – Hot Co. | 9,000 |  |
|  | Sales Revenue |  | 9,000 |
|  |  |  |  |
| April 15 | Freight – in | 180 |  |
|  | Cash |  | 180 |
|  |  |  |  |
| April 30 | Cash | 9,000 |  |
|  | Accounts Receivable – Hot Co. |  | 9,000 |
|  |  |  |  |