**Problem 5-5:**

Sissy Supply is a wholesaler dealing in sports bags. On September 1, Sissy Supply had an inventory of 15 sports bags at a cost of $200 each. During September, the following transactions and events occurred.

Sept. 4 Purchased 80 sports bags at $200 each from Mabel, terms 2/10, n/30, FOB destination.

Sept. 6 Received credit of $1200 for the return of 6 sports bags purchased on September 4 that were defective.

Sept. 9 Sold 40 sports bags for $250 each to Oliver Co, terms 2/10, n/30, FOB Destination.

Sept. 10 Paid $500 freight on September 9 sales.

Sept. 13 Granted Oliver Co $1,250 credit for 5 sports bags that were returned due to damage.

Sept. 14 Paid Mabel in full for September 4 purchase.

Sept. 20 Received payment in full from Oliver Co.

Sept. 25 Purchased 10 sports bags for cash at a cost of $250 each.

Sept. 26 Received refund of $500 from supplier of Sept. 25, for 2 sports bags that were damaged.

**Instructions:**

Journalize the September transactions for Sissy Supply using **perpetual inventory system**. (Explanations not required).

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Account Titles** | **Debit** | **Credit** |
| **Sept 4** | **Inventory (80 x 200)** | **16,000** |  |
|  | **Accounts Payable - Mabel** |  | **16,000** |
|  |  |  |  |
| **6** | **Accounts Payable – Mabel** | **1,200** |  |
|  | **Inventory** |  | **1,200** |
|  |  |  |  |
| **Sept 9** | **Accounts Receivable – Oliver (40 x 250)** | **10,000** |  |
|  | **Sales Revenue** |  | **10,000** |
|  |  |  |  |
|  | **Cost of Goods Sold (40 x 200)** | **8,000** |  |
|  | **Inventory** |  | **8,000** |
|  |  |  |  |
| **Sept 10** | **Freight-out** | **500** |  |
|  | **Cash** |  | **500** |
|  |  |  |  |
| **Sept 13** | **Sales Returns and Allowance (5 x 250)** | **1,250** |  |
|  | **Accounts Receivable – Oliver** |  | **1,250** |
|  |  |  |  |
|  | **Inventory** | **1,000** |  |
|  | **Cost of Goods Sold (5 x 200)** |  | **1,000** |
|  |  |  |  |
| **Sept 14** | **Accounts Payable - Mabel** | **14,800** |  |
|  | **Inventory (14,800 x 2%)** |  | **296** |
|  | **Cash** |  | **14,504** |
|  |  |  |  |
| **Sept 20** | **Cash** | **8,750** |  |
|  | **Accounts Receivable – Oliver** |  | **8,750** |
|  |  |  |  |
| **Sept 25** | **Inventory** | **2,500** |  |
|  | **Cash** |  | **2,500** |
|  |  |  |  |
| **Sept 26** | **Cash (2 x 250)** | **500** |  |
|  | **Inventory** |  | **500** |