

**Solution:**

Since Swahili Imports uses the periodic inventory system, they keep the track of the purchases and the allowances in separate accounts and when the accounting period ends, they merge these accounts in the cost of goods sold entry as a summarization entry.

Thus, the journal entries for them are as follows:

JOURNAL ENTRIES (in thousands of \$)			
Date	Particulars	Debit	Credit
2011	Purchases To Accounts Payable  (Being purchase of inventory using trade credit.)	900	900
	Accounts Payable To Purchase Returns & Allowance  (Being allowance and returns for the purchases.)	40	40
	Freight In Expenses To Cash  (Being payment of freight expenses.)	74	74
	Accounts Payable To Cash To Cash Discount on Purchases  (Being cash discount on payment of the accounts.)	860	842 18