

**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	900	900
	Accounts Payable To Purchase Returns & Allowance	40	40
	Freight In Expenses To Cash	74	74
	Accounts Payable To Cash To Cash Discount on Purchases	860	842 18