**Solution:**

|  |  |  |  |
| --- | --- | --- | --- |
| JOURNAL ENTRIES  (in millions of $) | | | |
| Date | Particulars | Debit | Credit |
| 2011 | Purchases  To Accounts Payable  (Being purchase on credit.) | 140 | 140 |
| Accounts Payable  To Purchase Returns & Allowance  (Being returns of purchases & allowance given.) | 6 | 6 |
| Cash  To Cash Discounts on Purchases  (Being cash discounts on purchases.) | 1 | 1 |
| Freight In Expenses  To Cash  (Being freight in expenses paid in cash.) | 14 | 14 |
| Cost of Goods Sold  Ending Inventory  Purchase Returns & Allowance  Cash Discount on Purchases  To Freight In Expenses  To Purchases  To Beginning Inventory  (Being closing entry for COGS.) | 137  35  6  1 | 14  140  25 |
| Accounts Receivable  To Sales Revenue  (Being sales revenue on credit.) | 239 | 239 |
| Sales Returns & Allowances  To Accounts Receivable  (Being allowance for sales return.) | 5 | 5 |
| Cash Discounts on Sales  To Cash  (Being offering for cash discounts on sales.) | 8 | 8 |