

Name \_\_\_\_\_ Date \_\_\_\_\_

**SECTION 10.1 EXERCISES** (page 402)**Exercise 1, p. 402**

Selling Price	Cost Price	Gross Profit	Cost of Goods Sold as a % of Selling Price	Gross Profit as a % of Selling Price (Margin)	Gross Profit as a % of Cost Price (Markup)
\$250	\$150	\$100	60%	40%	67%
\$125	\$85	\$40	68%	32%	47%
\$80	\$56	\$24	70%	30%	43%
\$150	\$75	\$75	50%	50%	100%
\$300	\$195	\$105	65%	35%	54%
\$225	\$162	\$63	72%	28%	39%
\$90	\$54	\$36	60%	40%	67%
\$500	\$350	\$150	70%	30%	43%
\$200	\$130	\$70	65%	35%	54%
\$250	\$120	\$130	48%	52%	108%

**Exercise 2, p. 402**

A.

	Year 1	Year 2	Year 3
Beginning inventory	100 units	300 units	200 units
Merchandise purchased	700 units	900 units	650 units
Goods available for sale	800 units	1200 units	850 units
Merchandise sold	500 units	1 000 units	800 units
Ending inventory	300 units	200 units	50 units

**B. Cost of Goods Sold**

Beginning Inventory	\$1 000
Purchases	+ 3 250
Goods Available for Sale	<u>\$4 250</u>
Ending Inventory	- 250
Cost of Goods Sold	<u><u>\$4 000</u></u>

Name \_\_\_\_\_ Date \_\_\_\_\_

**SECTION 10.1 EXERCISES** (continued)

**Exercise 3, p. 402**

	Sales	Beginning Inventory	Purchases	Ending Inventory	Cost of Goods Sold (\$)	Gross Profit (\$)
1.	\$125 000	32 000	74 250	33 500	72 750	52 250
2.	\$750 585	85 600	410 360	88 300	407 660	342 925
3.	\$288 635	65 550	110 357	60 548	115 359	173 276
4.	\$174 000	33 800	82 640	33 500	82 940	91 060
5.	\$255 324	48 500	150 650	50 300	148 850	106 474

**Exercise 4, p. 403**

Cost of Goods Sold

Beginning Inventory	\$14 500
Purchases	+ 41 300
Goods Available for Sale	<u>\$55 800</u>
Ending Inventory	- 15 600
Cost of Goods Sold	<u>\$40 200</u>

**Exercise 5, p. 403**

*LONDON RETAILERS*

*INCOME STATEMENT*

*MONTH ENDED JUNE 30, 20-*

<i>Revenue</i>										
<i>Sales</i>										\$55 325 -
<i>Cost of Goods Sold</i>										
<i>Beginning inventory</i>										\$24 500 -
<i>Purchases</i>										18 575 -
<i>Cost of Goods Available for Sale</i>										\$43 075 -
<i>Less Ending Inventory</i>										25 350 -
<i>Cost of Goods Sold</i>										17 725 -
<i>Gross Profit</i>										\$37 600 -
<i>Operating Expenses</i>										
<i>Advertising Expense</i>										\$ 5 000 -
<i>Car Expense</i>										7 500 -
<i>Rent Expense</i>										1 000 -
<i>Utilities Expense</i>										9 000 -
<i>Wages Expense</i>										4 750 -
<i>Total Operating Expenses</i>										7 900 -
<i>Net Income</i>										\$29 700 -



**Sales Return & Allowances Answers**

DATE		PARTICULARS	P.R.	DEBIT				CREDIT					
<i>May<sup>20</sup></i>	<i>31</i>	<i>Bank</i>			<i>1</i>	<i>7</i>	<i>5</i>	<i>15</i>					
		<i>Sales</i>								<i>1</i>	<i>5</i>	<i>5</i>	<i>-</i>
		<i>HST Payable</i>									<i>2</i>	<i>0</i>	<i>15</i>
		<i>Cash Sales Slip No. 1060</i>											
<i>Jun.</i>	<i>4</i>	<i>Sales Returns and Allowances</i>			<i>1</i>	<i>5</i>	<i>5</i>	<i>-</i>					
		<i>HST Payable</i>				<i>2</i>	<i>0</i>	<i>15</i>					
		<i>Bank</i>								<i>1</i>	<i>7</i>	<i>5</i>	<i>15</i>
		<i>Cash Refund Slip No. 1075</i>											

**Sales Discount Answers**

**Exercise 2, p. 433**

Date of Invoice	Total of Invoice	Terms of Sale	Amount of Credit Note	Date of Credit Note	Date Payment Is Made	Amount of Payment Required
May 14	\$147.00	2/10,n/30	-	-	<i>May 24</i>	<i>\$144.06</i>
Apr. 15	315.00	3/20,n/60	\$42.00	May 1	<i>May 21</i>	<i>264.81</i>
Jun. 3	220.05	2/10,n/30	78.75	Jun. 20	<i>Jun. 30</i>	<i>138.47</i>
Nov. 20	59.25	2/15,n/30	36.75	Dec. 2	<i>Dec. 17</i>	<i>22.05</i>

**Exercise 3, p. 433**

A., B.

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DATE		PARTICULARS	P.R.	DEBIT				CREDIT				
<i>Aug.<sup>20</sup></i>	<i>3</i>	<i>A/R—Watson Construction</i>			<i>7</i>	<i>1</i>	<i>42</i>					
		<i>Sales</i>							<i>6</i>	<i>3</i>	<i>20</i>	
		<i>HST Payable</i>								<i>8</i>	<i>22</i>	
	<i>12</i>	<i>Bank</i>			<i>7</i>	<i>0</i>	<i>16</i>					
		<i>Discounts Allowed</i>			<i>1</i>	<i>26</i>						
		<i>A/R—Watson Construction</i>							<i>7</i>	<i>1</i>	<i>42</i>	

C.

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DATE		PARTICULARS	PR.	DEBIT			CREDIT		
<i>Aug.</i> <sup>20</sup>	3	<i>Small Tools and Supplies</i>		6	3	20			
		<i>HST Recoverable</i>			8	22			
		<i>A/P—Circle Supply</i>					7	1	42
	12	<i>A/P—Circle Supply</i>		7	1	42			
		<i>Discounts Earned</i>						1	26
		<i>Bank</i>					7	0	16

Exercise 4, p. 434

A. to C.

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DATE		PARTICULARS	PR.	DEBIT			CREDIT		
<i>Sép.</i> <sup>20</sup>	3	<i>A/R—Jackson and Jackson</i>		1	1	3	-		
		<i>Sales</i>						1	0
		<i>HST Payable</i>						1	3
	9	<i>Sales</i>		1	0	-			
		<i>HST Payable</i>			1	30			
		<i>A/R—Jackson and Jackson</i>						1	1
	19	<i>Bank</i>		9	9	90			
		<i>Discounts Allowed</i>			1	80			
		<i>A/R—Jackson and Jackson</i>						1	0

D.

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DATE		PARTICULARS	PR.	DEBIT				CREDIT			
<sup>20-</sup> <i>Sep.</i>	3	<i>Supplies</i>		1	0	0	-				
		<i>HST Recoverable</i>			1	3	-				
		<i>A/P—Circle Supply</i>						1	1	3	-
	9	<i>A/P—Circle Supply</i>			1	1	30				
		<i>HST Recoverable</i>								1	30
		<i>Supplies</i>								1	0
	9	<i>A/P—Circle Supply</i>			1	0	1	70			
		<i>Bank</i>								9	9
		<i>Discounts Earned*</i>								1	80

*\*The assumption is that the discounts are taken on pre-tax totals.*