

PROBLEM SET A

Problem 9-1A

Sales on account and credit card sales

C1

Mayfair Co. allows select customers to make purchases on credit. Its other customers can use either of two credit cards: Zisa or Access. Zisa deducts a 3% service charge for sales on its credit card and credits the bank account of Mayfair immediately when credit card receipts are deposited. Mayfair deposits the Zisa credit card receipts each business day. When customers use Access credit cards, Mayfair accumulates the receipts for several days before submitting them to Access for payment. Access deducts a 2% service charge and usually pays within one week of being billed. Mayfair completes the following transactions in June. (The terms of all credit sales are 2/15, n/30, and all sales are recorded at the gross price.)

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|--------|--|--------|--|
| June 4 | Sold \$650 of merchandise (that had cost \$400) on credit to Natara Morris. | June 4 | Sold \$650 of merchandise (that had cost \$400) on credit to Natara Morris. |
| 5 | Sold \$6,900 of merchandise (that had cost \$4,200) to customers who used their Zisa cards. | 5 | Sold \$6,900 of merchandise (that had cost \$4,200) to customers who used their Zisa cards. |
| 6 | Sold \$5,850 of merchandise (that had cost \$3,800) to customers who used their Access cards. | 6 | Sold \$5,850 of merchandise (that had cost \$3,800) to customers who used their Access cards. |
| 8 | Sold \$4,350 of merchandise (that had cost \$2,900) to customers who used their Access cards. | 8 | Sold \$4,350 of merchandise (that had cost \$2,900) to customers who used their Access cards. |
| 10 | Submitted Access card receipts accumulated since June 6 to the credit card company for payment. | 10 | Submitted Access card receipts accumulated since June 6 to the credit card company for payment. |
| 13 | Wrote off the account of Abigail McKee against the Allowance for Doubtful Accounts. The \$429 balance in McKee's account stemmed from a credit sale in October of last year. | 13 | Wrote off the account of Abigail McKee against the Allowance for Doubtful Accounts. The \$429 balance in McKee's account stemmed from a credit sale in October of last year. |
| 17 | Received the amount due from Access. | 17 | Received the amount due from Access. |
| 18 | Received Morris's check in full payment for the purchase of June 4. | 18 | Received Morris's check in full payment for the purchase of June 4. |

Check June 17, Dr. Cash
\$9,996

Required

Prepare journal entries to record the preceding transactions and events. (The company uses the perpetual inventory system. Round amounts to the nearest dollar.)