

B-05.02

College Bookstore is facing increased competition from online resellers and electronic media forms. To combat eroding sales, management adopted new discounting policies as follows:

Students are offered a trade discount based on the number of books purchased:

A student purchasing one book gets 0% discount.

A student purchasing two book gets a 10% discount.

A student purchasing three books gets a 20% discount.

A student purchasing four or more books gets a 30% discount.

Students are now offered credit terms at the time of purchase. If the student pays within 30 days of the date of purchase, they receive a 3% cash discount.

- (a) Calculate the amount of the sale that should be recorded by College Bookstore for each of the following transactions. How much should be ultimately be collected for each transaction?

Student A, 3 books, \$425 list price, purchased on August 11, paid on August 19

Student B, 2 books, \$210 list price, purchased on August 18, paid on October 4.

Student C, 1 books, \$90 list price, purchased on Sept. 3, paid on Sept. 3

Student D, 7 books, \$1,205 list price, purchased on August 5, paid on Sept. 20

- (b) Demonstrate the appropriate journal entry to record the sale and subsequent collection from students A and B.