

## B-05.04

Gerloff Supply sells cables, connectors, and other basic wiring components to audio video dealers across the country. Dealers with "preferred status" receive a 20% discount off of list price. All sales are on account, and payment terms are 2/10, n/30.

Sales of \$1,000 and up (large orders) will ship F.O.B. destination. Orders less than \$1,000 (small orders) are always F.O.B. shipping point. However, Gerloff will prepay freight on small orders by "preferred dealers." Otherwise, small orders are shipped freight collect by the common carrier making the delivery. In no event may a customer apply the cash discount terms to freight charges.

Prepare journal entries to record the sale and subsequent collection for each of the following transactions:

<u>Transaction</u>	<u>Customer Status</u>	<u>List Price</u>	<u>Freight Cost</u>	<u>Date of Sale</u>	<u>Date of Payment</u>
1	Preferred	\$ 1,500	\$ 125	3-Jun	9-Jun
2	Regular	300	30	7-Jun	20-Jun
3	Preferred	700	45	9-Jun	20-Jun
4	Regular	2,000	200	10-Jun	17-Jun
5	Regular	1,800	230	12-Jun	29-Jun
6	Preferred	2,400	180	15-Jun	27-Jun