EXERCISES

Journalize the transactions below

Exercise 1
Clayton Sales had the following transactions during 2017:

Jan 3	Sold merchandise with a cost of $2,900 to Brown's Co. for $4,500.
Jan 10	Brown's Co. returned one third of the items they bought. The merchandise was returned to inventory for resale.
Jan 13	Brown's Co. paid the balance that was owed to Clayton.
Jan 20	Sold merchandise with a cost of $6,400 to Williamson for $10,000.
Jan 21	Williamson returned merchandise that was defective. The sales price of the returned items was $750 and had an original cost of $480. Clayton cannot resell the merchandise to other customers due to the defects.
Feb 21	Calculated and recorded interest charges on Williamson's account. No further interest will be added until March 21.
Mar 3	Williamson paid the entire balance owing.

All sales terms are 2/10, n/30 unless otherwise indicated, and interest is charged at 18% on late accounts. Clayton uses a perpetual accounting system.

Exercise 3
Joe's Home Improvement Centre charges 19% interest on all unpaid Joe's credit card transactions beyond 30 days. On August 31, Rico purchased merchandise totalling $6,500 from Joe. On September 30, Rico failed to pay off his Joe's credit card balance of $6,500.

Instructions
Prepare all required journal entries for Joe's Home Improvement Centre assuming the company uses a perpetual inventory system. Round all amounts to the nearest whole dollar.