

1. Costco completed the following transactions during March of the current year. Costco uses a perpetual inventory system.

- March
3. Purchased merchandise on account from *Floyd Co.*, \$4,000, terms FOB shipping point, 2/10, n/30, with freight costs of \$120 paid by appropriate party.
 5. Purchased merchandise on account from *Kramer Co.*, \$6,500, terms FOB destination, 1/10, n/30, with freight costs of \$230 paid by appropriate party.
 6. Sold merchandise on account to *C. F. Howell Co.*, with an invoice price \$4,000, terms 2/10, n/30. The cost of the merchandise sold was \$1,125.
 10. Returned merchandise purchased on May 5 from *Kramer Co.*, \$1,300.
 12. Paid *Floyd Co.* on account, less discount.
 14. Sold merchandise on account to *Comer Co.*, \$3,480, terms FOB destination, 2/10, n/30. The cost of the merchandise sold was \$1,400 and the appropriate party paid freight charges of \$80.
 15. Paid *Kramer Co.* on account, less discount.
 16. Received cash on account from *C. F. Howell Co.*, less discount.
 25. Received merchandise returned by *Comer Co.* from sale on May 22, \$1,480. The cost of the returned merchandise was \$600.
 31. Received cash from *Comer Co.* for sales of March 14.

Instruction:

Journalize the preceding transactions.

2. The adjusted trial balance of Nick Company contained the following information:

	<u>Debit</u>	<u>Credit</u>
Sales Revenue		\$560,000
Sales Returns and Allowances	\$ 15,000	
Sales Discounts	7,000	
Cost of Goods Sold	323,000	
Freight-out	2,000	
Advertising Expense	15,000	
Loss on disposal of assets	7,000	
Interest Expense	18,000	
Salaries and Wages Expense	65,000	
Utilities Expense	28,000	
Depreciation Expense	7,000	
Interest Revenue		20,000

Instructions

Use the above information to prepare a multiple-step income statement for the year ended December 31, 2018.