**BE5.3**  Rita Company buys merchandise on account from Linus Company. The selling price of the goods is $900 and the cost of the goods sold is $590. Both companies use perpetual inventory systems. Journalize the transactions on the books of both companies.

**BE5.4** Prepare the journal entries to record the following transactions on Borst Company's books using a perpetual inventory system.

**a.** On March 2, Borst Company sold $800,000 of merchandise to McLeena Company on account, terms 2/10, n/30. The cost of the merchandise sold was $540,000.

**b.** On March 6, McLeena Company returned $140,000 of the merchandise purchased on March 2. The cost of the merchandise returned was $94,000.

**c.** On March 12, Borst Company received the balance due from McLeena Company.

**BE5.5** From the information in [BE5.4](https://jigsaw.vitalsource.com/books/9781119493563/epub/OPS/c05.xhtml?favre=brett#c05-ex-0072), prepare the journal entries to record these transactions on McLeena Company's books under a perpetual inventory system.

**E5.2** This information relates to Rice Co.

* April 5, purchased merchandise on account from Jax Company for $28,000, terms 2/10, n/30.
* April 6, paid freight costs of $700 on merchandise purchased from Jax.
* April 7, purchased equipment on account for $30,000.
* April 8, returned $3,600 of April 5 merchandise to Jax Company.
* April 15, paid the amount due to Jax Company in full.

**a.** Prepare the journal entries to record the transactions listed above on Rice Co.'s books. Rice Co. uses a perpetual inventory system.

**b.** Assume that Rice Co. paid the balance due to Jax Company on May 4 instead of April 15. Prepare the journal entry to record this payment.

**E5.4**  The following transactions are for Alonzo Company.

* December 3, Alonzo Company sold $500,000 of merchandise to Arte Co., on account, terms 1/10, n/30. The cost of the merchandise sold was $330,000.
* December 8, Arte Co. was granted an allowance of $25,000 for merchandise purchased on December 3.
* December 13, Alonzo Company received the balance due from Arte Co.

**a.** Prepare the journal entries to record these transactions on the books of Alonzo Company. Alonzo uses a perpetual inventory system.

**b.** Assume that Alonzo Company received the balance due from Arte Co. on January 2 of the following year instead of December 13. Prepare the journal entry to record the receipt of payment on January 2.

**E5.5** On June 10, Pais Company purchased $9,000 of merchandise from McGiver Company, on account, terms 3/10, n/30. Pais pays the freight costs of $400 on June 11. Goods totaling $600 are returned to McGiver for credit on June 12. On June 19, Pais Company pays McGiver Company in full, less the purchase discount. Both companies use a perpetual inventory system.

#### Instructions

**a.** Prepare separate entries for each transaction on the books of Pais Company.

**b.** Prepare separate entries for each transaction for McGiver Company. The merchandise purchased by Pais on June 10 cost McGiver $5,000, and the goods returned cost McGiver $310.