

Chapter 2B Santos Luggage Ltd.

1. A deposit is money received from a customer that is made in advance of the goods being sent or an invoice being issued. Many companies request a deposit or prepayment as a sign of good faith that the customer intends to meet the terms of the contract and pay their bills. Used for new clients, or when a NSF cheque has been received from the customer. You record the Deposit/Prepayment in the Sales Orders Journal as part of a Sales Order.
2. Item c does not require a negative amount to record the transaction.
3. You record the Senior's discount in the Sales Journal - Sales Invoice.
 1. You could record the discount by using the Disc % column for the Senior's Discount.
 2. You could record the discount to a separate Senior's Discount account.
4. The journal entry to record an NSF cheque, or any returned cheque by the bank, is made in the RECEIVABLES module in the Sales Journal -Sales Invoice. The original amount of the NSF cheque and any bank service charges is added to the amount the customer owes the business. The journal entry is:

Accounts Receivable	225.00	
Cash		225.00

5. A customer account write-off is used to remove a customer's invoice or partial balance of an invoice that will not be collected. Normally, a write-off occurs only when it is certain that the amount is uncollectible. Usually a manager approval is required before an account is written off.
6. You record the credit card payment on an outstanding invoice in the Receipts Journal. The entry would be:

Cash	328.83	
Credit card charges	10.17	
Accounts Receivable		339.00
7. A Gross Margin Income Statement is an Income statement that breaks down the Expenses into two categories: Cost of Goods Sold and Expenses. The statement subtracts the Cost of Goods Sold from Revenue to show the Gross Margin. The Gross Margin Income Statement can also be called the Gross Profit Income Statement.
8. You can record a Quantity discount for a good customer by:
 - a. In the Customer Receivable Ledger, Options tab, set up a Standard Discount amount.
 - b. In the Sales Quotes, Sales Orders, or Sales Invoices window, use the Disc % column.