

2. **Recording Sales Returns** LO1

On March 5, Monica's Cooking Company sells inventory to a customer for \$2,000. On March 13, the customer returns \$750 of merchandise. The accountant recorded the return with the following entry:

March 13	Sales	750
	Accounts Receivable	750

Required

Prepare the entry the accountant should have made when the merchandise was returned on March 13 and explain why the accountant's entry was incorrect. Ignore any effect on cost of goods sold or inventory.