Merchandising Operations – Perpetual Inventory Entries

Perpetual Inventory Entries

Purchase	Transaction	Entry	Debit	Credit

May 4	Sale of Merchandise on credit
	Cost of Goods Sold
	Entry
	For the cost
		Accounts Receivable
		   Sales
		Cost of goods sold
		   Merchandise Inventory
			6000
			
			2000
			
				6000
				
				2000

May 6	No entry cost paid by purchaser	No entry No entry	0 	 0

May 8	Returns of Merchandise sold
	The next entry is for the cost of
	the seller
		Sales returns & allow
		   accounts receivable
		Merchandise Inventory
		   Cost of goods sold
			500
			
			140
			
				500
				
				140

May 14	Cash received on account with a discount (6000-500=5500) (5500 * .02 = 110) (5500 − 110 = 5390)	Cash Sales Discount Accounts Receivable	5390 110 	 5500

Purchase	Transaction	Entry	Debit	Credit
May 4	Purchase of merchandise on credit 2/10, N/30	Merchandise Inventory Accounts Payable	6000 	 6000
May 6	Freight cost on purchase paid by purchaser	Merchandise Inventory Cash	200 	 200
May 8	Purchase returns and allowances Merchandise Returned.	Accounts Payable Merchandise Inventory	500 	 500

May 14	Payment on account with
	a discount.
	Paying for merchandise
	2% discount
	(6000 − 500 =5500)
	(5500 * .02 = 110)
	(5500 − 110 = 5390)
		Accounts payable
		   Cash
		   Merchandise Inventory
			5500
			
				5390
				110