

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