## 13 The Perpetual Inventory System

**Question 1** 

#### **Transaction A**

## **General Ledger**

Inventory		
300		
007.0		
GST C	redits	
30		
Accounts Payable		
	330	

Inventory is	debited	credited	because it is an	Α	L	EQ
GST credits is	debited	credited	because it is an	Α	L	EQ
Accounts payable is	debited	credited	because it is a	Α	L	EQ

#### **Transaction B**

Accounts Payable		
330	330	

Cash at Bank		
	310	

Discount Received		
	20	

## **Question 1 continued**

Accounts payable is	debited	credited	to reduce this	Α	L	EQ
Cash at bank is	debited	credited	to reduce this	Α	L	EQ
Discount received is	debited	credited	because it is	Α	L	I

## **Transaction C**

Inventory			
660			
GST Credits			
60			
Cash at Bank			
	660		

Inventory is	debited	credited	because it is an	Α	L	EQ
GST credits is	debited	credited	because it is an	Α	L	EQ
Cash at bank is	debited	credited	to reduce this	A	L	EQ

## Question 2

## **Transaction A**

## **General Ledger**

Inventory		
700		
GST C	redits	
	104110	
70		
Accounts	Pavable	
7 10000		
	770	

Inventory is	debited	credited	because it is an	Α	L	EQ
GST credits is	debited	credited	because it is an	Α	L	EQ
Accounts payable is	debited	credited	because it is a	Α	L	EQ

## **Transaction B**

Accounts Payable		
<b>770</b> 770		

Cash at Bank		
	739	

Discount Received		
	31	

## **Question 2 continued**

Accounts payable is	debited	credited	to reduce this	Α	L	EQ
Cash at bank is	debited	credited	to reduce this	Α	Ш	EQ
Discount received is	debited	credited	because it is	Α	İ	EQ

## **Transaction C**

Inventory					
100					
GST Credits					
10					
Cash at Bank					
110					

Inventory is	debited	credited	because it is an	Α	L	EQ
GST credits is	debited	credited	because it is an	Α	Г	EQ
Cash at bank is	debited	credited	to reduce this	Α	┙	EQ

## Question 3

## **Transaction A**

## **General Ledger**

Inventory					
200					
GST Credits					
20					
Cash at Bank					
220					

Inventory is	debited	credited	because it is an	Α	L	EQ
		_			_	
GST credits is	debited	credited	because it is an	Α	L	EQ
			-			
Cash at bank is	debited	credited	to reduce this	Α	L	EQ

## **Transaction B**

Inventory					
900					
GST Credits					
- Toreuts					
90					
Accounts	Accounts Payable				
	990				

## **Question 3 continued**

Inventory is	debited	credited	because it is an	Α	L	EQ
GST credits is	debited	credited	because it is an	Α	∟	EQ
Accounts payable is	debited	credited	because it is a	Α	L	EQ

## **Transaction C**

Accounts Payable			
990	990		

Cash at Bank			
	980		

Discount Received				
	10			

Accounts payable is	debited	credited	to reduce this	Α	L	EQ
Cash at bank is	debited	credited	to reduce this	Α	L	EQ
			-			
Discount received is	debited	credited	to reduce this	A	L	

## Question 4

## **Transaction A**

## **General Ledger**

Inventory					
500					
GST Credits					
50					
Accounts Payable					
	550				

Inventory is	debited	credited	because it is an	Α	L	EQ
	_	_			_	
GST credits is	debited	credited	because it is an	Α	L	EQ
			-			
Accounts payable is	debited	credited	because it is a	A	L	EQ

## **Transaction B**

Accounts Payable				
550	550			

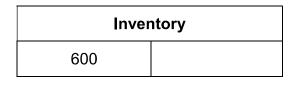
Cash a	t Bank
	542

Discount	Received
	8

## **Question 4 continued**

Accounts payable is	debited	credited	to reduce this	Α	L	EQ
Cash at bank is	debited	credited	to reduce this	Α	L	EQ
Discount received is	debited	credited	because it is	I	L	EQ

## **Transaction C**



GST C	redits
60	

Cash at Bank				
	660			

Inventory is	debited	credited	because it is an	Α	L	EQ
GST credits is	debited	credited	because it is an	Α	L	EQ
Cash at bank is	debited	credited	to reduce this	Α	L	Ī

#### Question 5 **Mower World**

## **Calculation of GST credits write-back**

## **General Ledger**

Inventory							
2019							
Jan 8	Accounts Payable	600					
21	Bank	240					
		GST C	redits				
2019			2019				
Jan 8	Accounts Payable	60	Jan 13	Discount Received	3		
21	Bank	24					
		Accounts	s Payable	е			
2019			2019				
Jan 13	Bank/Discount	660	Jan 8	Inventory/GST	660		
		Cash a	ıt Bank				
			2019				
			Jan 13	Accounts Payable	627		
			21	Inventory/GST	264		
		Discount	Receive	d			
2019			2019				
Jan 13	GST Credits	3	Jan 13	Accounts Payable	33		

## **Mower World** Trial Balance As at 31 January 2019

Ledger Account Title	Debit	Credit
Inventory	840	
GST Credits	81	
Cash at Bank		891
Discount Received		30
	\$921	\$921

## Question 6 Sports R Us

## **Calculation of GST credits write-back**

## **General Ledger**

Inventory							
2019							
Mar 3	Accounts Payable	800					
27	Bank	100					
		GST C	redits				
2019			2019				
Mar 3	Accounts Payable	80	Mar 9	Discount Received	2		
27	Bank	10					
		Accounts	s Pavabl	e			
2019			2019	-			
Mar 9	Bank/Discount	880	Mar 3	Inventory/GST	880		
				,			
		Cash a	it Bank				
		Casii a	1				
			2019 Mar 9	Accounts Payable	858		
			27		110		
			21	inventory/GS1	110		
			l				
		Discount	1	d			
2019		_	2019				
Mar 9	GST Credits	2	Mar 9	Accounts Payable	22		

## Sports R Us Trial Balance as at 31 March 2019

Ledger Account Title	Debit	Credit
Inventory	900	
GST Credits	88	
Cash at Bank		968
Discount Received		20
	\$988	\$988

#### **Question 7** Books 4 U

## **Calculation of GST credits write-back**

## **General Ledger**

		Inve	ntory
2025			
Jun 13	Accounts Payable	1,400	
15	Bank	580	
25	Accounts Payable	610	
		GST C	credits
2025			2019

2025			2019		
Jun 13	Accounts Payable	140	Jun 19	Discount Received	7
15	Bank	58			
17	Bank	11			
25	Accounts Payable	61			

## **Accounts Payable**

2025			2025		
Jun 19	Bank/Discount	1,540	Jun 13	Inventory/GST	1,540
			25	Inventory/GST	671

## Cash at Bank

2025		
Jun 15	Inventory/GST	638
17	Electricity/GST	121
19	Accounts Payable	1,463
30	Wages	471

## **Discount Received**

2019 Jun 19	GST Credits	7	2025 Jun 19	Accounts Payable	77

#### **Question 7 continued** Books 4 U

## **General Ledger**

Fle	ctr	ici	tv
	. Oti		٠y

2025 110 Jun 17 Bank

## Wages

2025 Jun 30 471 Bank

2

## Sports R Us **Trial Balance** as at 31 March 2025

Ledger Account Title	Debit	Credit
Inventory	2,590	
GST Credits	263	
Accounts Payable		671
Cash at Bank		2,693
Electricity	110	
Wages	471	
Discount Received		70
	\$3,434	\$3,434

## Question 8 **Stationery Depot**

## **Calculation of GST credits write-back**

Inventory					
2022					
Aug 6	Accounts Payable	680			
11	Accounts Payable	830			
		CST (	credits		
0000		3310	1		
2022	A accumto Dovable	60	2022	Discount Allowed	E
Aug 6	Accounts Payable	68	Aug 17	Discount Allowed	5
9	Bank	42			
11	Accounts Payable	83			
		Accounts	s Payable	9	
2022			2022		
Aug 17	Bank/Discount	913		Inventory/GST	748
			11	Inventory/GST	913
				,	
		Cash a	t Bank		
2022			2022		
Aug 31	Capital	910		Telephone	462
			17	Accounts Payable	858
		Discount	Receive	d	
2022			2022		
Aug 17	GST Credits	5	Aug 17	Bank	55
J					
		_			
		Сар	oital		
			2022		
			Aug 31	Bank	910

## **Question 8 Stationery Depot**

## **General Ledger**

Te	le	n	h	n	n	e
	··	Μ,		v		·

2022 420 Aug 9 Bank

## **Stationery Depot Trial Balance** as at 31 August 2022

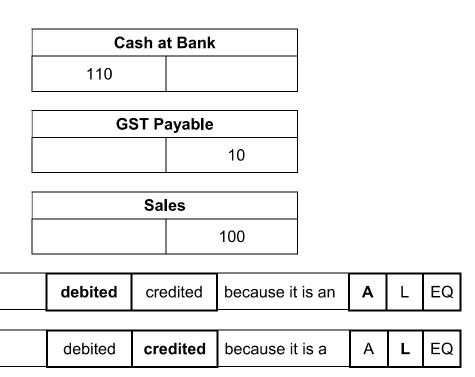
Ledger Account Title	Debit	Credit
Inventory	1,510	
GST Credits	188	
Accounts Payable		748
Cash at Bank		410
Telephone	420	
Discount Received		50
Capital		910
	\$2,118	\$2,118

#### **Question 9**

#### **Transaction A**

Step 1: Recording of Sale

## **General Ledger**



because it is a

L

Step 2: Recording of Cost of Sale

debited

## **General Ledger**

Cash at bank is

GST payable is

Sales is

Cost of Sales			
68			
Inventory			
400 * 68			

credited

Cost of sales is	debited	credited	because it is an	Α	L	E
Inventory is	debited	credited	to reduce this	Α	L	EQ

## **Question 9 continued**

## **Transaction B**

Step 1: Recording of Sale

## **General Ledger**

Accounts Receivable				
550				
GST Payable				
	50			
Sales				
	500			

Accounts receivable is	debited	credited	because it is an	Α	L	EQ
GST payable is	debited	credited	because it is a	А	L	EQ
	_	_				
Sales is	debited	credited	because it is a	Α	L	I

**Step 2: Recording of Cost of Sale** 

Cost of Sales				
319				
Inventory				
800 *	319			

Cost of sales is	debited	credited	because it is an	Α	L	E
Inventory is	debited	credited	to reduce this	Α	L	EQ

L

L

Ε

EQ

#### **Question 9 continued**

#### **Transaction C**

#### **General Ledger**

Discount allowed is

Accounts receivable

Α + Ε = L + EQ + I Cash at Bank 540 **Discount Allowed** 10 **Accounts Receivable** 550 \* 550 L Cash at bank is debited credited because it is an Α Ε

credited

credited

because it is an

to reduce this

debited

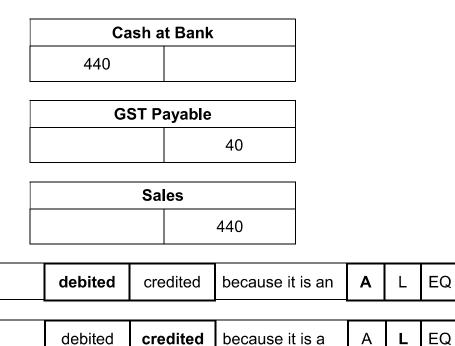
debited

#### **Question 10**

#### **Transaction A**

**Step 1: Recording of Sale** 

## **General Ledger**



because it is a

L

## Step 2: Recording of Cost of Sale

debited

## **General Ledger**

Cash at bank is

GST payable is

Sales is

Cost of Sales					
271					
Inventory					
Inventory					
900 *	271				

credited

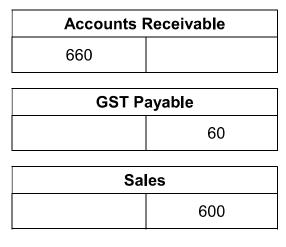
Cost of sales is	debited	credited	because it is an	Α	L	E
Inventory is	debited	credited	to reduce this	Α	L	EQ

#### **Question 10 continued**

#### **Transaction B**

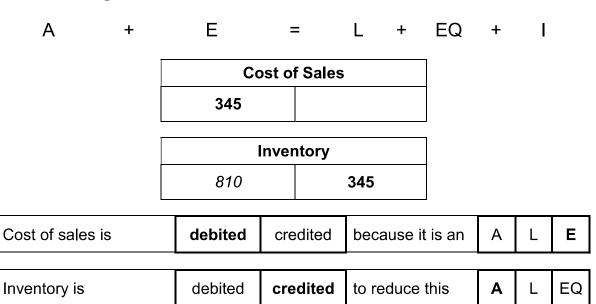
**Step 1: Recording of Sale** 

## **General Ledger**



Accounts receivable is	debited	credited	because it is an	Α	L	EQ
		_		_	_	
GST payable is	debited	credited	because it is a	Α	L	EQ
			•			
Sales is	debited	credited	because it is	A	L	I

**Step 2: Recording of Cost of Sale** 



## **Question 10 continued**

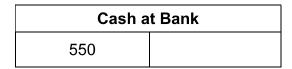
## **Transaction C**

Cash at Bank				
642				

Discount Allowed				
18				

<b>Accounts Receivable</b>				
660 *	660			

## **Transaction D**



GST P	ayable
50	

Sal	les
	500

Inventory		
600		288

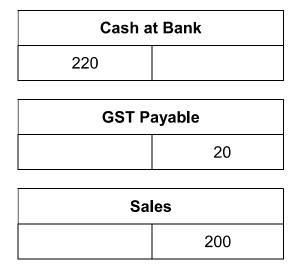
Cost of Sales		
288		

## **Question 11**

## **Transaction A**

Step 1: Recording of Sale

## **General Ledger**



Cash at bank is	debited	credited	because it is an	Α	L	EQ
GST payable is	debited	credited	because it is a	Α	┙	EQ
			-			
Sales is	debited	credited	because it is	Α	L	I

**Step 2: Recording of Cost of Sale** 

Cost o	f Sales
133	

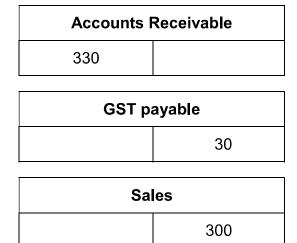
Inventory		
700 *	133	

## **Question 11 continued**

## **Transaction B**

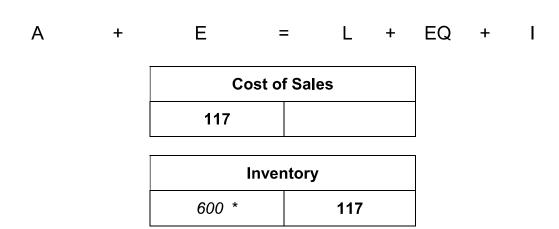
Step 1: Recording of Sale

#### **General Ledger**



Accounts receivable is	debited	credited	because it is an	Α	L	EQ
GST payable is	debited	credited	because it is a	Α	L	EQ
Sales is	debited	credited	because it is a	Α	L	ı

Step 2: Recording of Cost of Sale



## **Question 11 continued**

Cost of sales is	debited	credited	because it is an	Α	L	E
Inventory is	debited	credited	to reduce this	Α	L	EQ

## **Transaction C**

## **General Ledger**

Cash at Bank		
310		

Discount Allowed		
20		

Accounts Receivable	
330	330

## **Transaction D**

Cash at Bank			
902			

GST Payable	
	82

Sales		
	820	

Cost of Sales		
467		

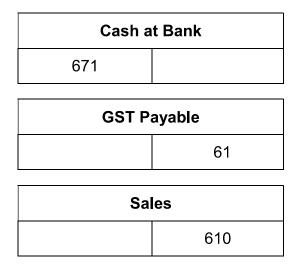
Inver	ntory
900	467

## **Question 12**

## **Transaction A**

Step 1: Recording of Sale

## **General Ledger**



Cash at bank is	debited	credited	because it is an	Α	L	EQ
GST payable is	debited	credited	because it is a	А	L	EQ
Sales is	debited	credited	because it is a	А	L	ı

**Step 2: Recording of Cost of Sale** 

Cost of Sales		
413		

Inventory		
950	413	

## **Question 12 continued**

## **Transaction B**

Step 1: Recording of Sale

## **General Ledger**

Accounts Receivable		
803		
GST Payable		
	73	
Sales		
	730	

Accounts receivable is	debited	credited	because it is an	Α	L	EQ
GST payable is	debited	credited	because it is a	Α	L	EQ
Sales is	debited	credited	because it is	А	L	ı

**Step 2: Recording of Cost of Sale** 

Cost of Sales		
495		

Inventory		
920	495	

## **Question 12 continued**

## **Transaction C**

## **General Ledger**

Cash at Bank		
793		

Discount Allowed			
10			

Accounts Receivable		
803	803	

## **Transaction D**

Draw	rings
300	

Inventory			
814	300		

#### **Question 13 The Door Store**

## Calculation of GST payable write-back

Inventory							
2019			2019				
Jan 1	Balance b/d	900	Jan 2	Cost of Sales	135		
			11	Cost of Sales	417		
		Car	oital				
			2019				
			Jan 1	Balance b/d	900		
		•					
		Cash a	t Bank				
2019	0.1./007	000					
	Sales/GST	220					
31	Accounts Receivable	627					
GST Payable							
		G31 P	ayabie				
2019			2019				
2019 Jan 11	Accounts Receivable	3		Bank	20		
	Accounts Receivable		2019	Bank Accounts Receivable	20 60		
	Accounts Receivable		2019 Jan 2				
		3	2019 Jan 2	Accounts Receivable			
		3	2019 Jan 2 11	Accounts Receivable			
Jan 11		3	2019 Jan 2 11 Receivat	Accounts Receivable			
Jan 11 2019	Acc	3 counts	2019 Jan 2 11 <b>Receival</b> 2019	Accounts Receivable	60		
Jan 11 2019	Acc	3 counts	2019 Jan 2 11 <b>Receival</b> 2019	Accounts Receivable	60		
Jan 11 2019	Acc	3 <b>counts</b> 660	2019 Jan 2 11 Receival 2019 Jan 31	Accounts Receivable	60		
Jan 11 2019	Acc	3 <b>counts</b> 660	2019 Jan 2 11 Receival 2019 Jan 31	Accounts Receivable  ble  Bank/Discount	660		
Jan 11 2019	Acc	3 <b>counts</b> 660	2019 Jan 2 11  Receivate 2019 Jan 31  les 2019 Jan 2	Accounts Receivable  ble  Bank/Discount  Bank	660		
Jan 11 2019	Acc	3 <b>counts</b> 660	2019 Jan 2 11 Receival 2019 Jan 31	Accounts Receivable  ble  Bank/Discount	660		

#### **Question 13 continued The Door Store**

## **General Ledger**

#### **Cost of Sales**

	Cost of Sales						
2019							
Jan 2	Inventory	135					
11	Inventory	417					
				_			
	Dis	scount	Allowed				
2019			2019				
Jan 31	Accounts Receivable	33	Jan 31	Accounts Receivable	3		
			1				

## **The Door Store Trial Balance** as at 31 January 2019

Ledger Account Title	Debit	Credit
Inventory	348	
Capital		900
Cash at Bank	847	
GST Payable		77
Sales		800
Cost of Sales	552	
Discount Allowed	30	
	\$1,777	\$1,777

## Question 14 Camera Kingz

## Calculation of GST payable write-back

		Inve	ntory		
2021			2021		
Feb 1	Balance b/d	900	Feb 9	Cost of Sales	131
			14	Cost of Sales	518
		•	• •		
		Cap	oital		
			2021	<b>5</b> 1 1 1 1	
			Feb 1	Balance b/d	900
		Cash a	ıt Bank		
2021					
Feb 9	Sales/GST	286			
28	Accounts Receivable	594			
		GST P	ayable		
2021					
2021 Feb 28	Discount Allowed	5	2021 Feb 9	Bank	26
	Discount Allowed		2021	Bank Accounts Receivable	26 59
	Discount Allowed		2021 Feb 9		
	Discount Allowed	5	2021 Feb 9		
	Discount Allowed	5	2021 Feb 9 14		
	Discount Allowed	5	2021 Feb 9 14 <b>les</b>		
	Discount Allowed	5	2021 Feb 9 14 <b>les</b> 2021	Accounts Receivable	59
	Discount Allowed	5	2021 Feb 9 14 <b>les</b> 2021 Feb 9	Accounts Receivable  Bank	260
Feb 28	Discount Allowed	5 <b>Sa</b>	2021 Feb 9 14 <b>les</b> 2021 Feb 9	Accounts Receivable  Bank	260
Feb 28		Sa Cost o	2021 Feb 9 14 <b>les</b> 2021 Feb 9	Accounts Receivable  Bank	260
2021 Feb 9	Inventory	5 <b>Sa</b> Cost o	2021 Feb 9 14 <b>les</b> 2021 Feb 9	Accounts Receivable  Bank	260
Feb 28		Sa Cost o	2021 Feb 9 14 <b>les</b> 2021 Feb 9	Accounts Receivable  Bank	260

# Question 14 continued Camera Kingz

## **General Ledger**

#### **Accounts Receivable**

2021 Feb 14 Sales/GST	649	2021 Feb 28	Bank/Discount	649
Di	scount	Allowed	I	
2021 Feb 28 Accounts Receivable	55	2021 Feb 28	GST Payable	5

## Camera Kingz Trial Balance as at 31 January 2019

Ledger Account Title	Debit	Credit
Inventory	251	
Capital		900
Cash at Bank	880	
GST Payable		80
Sales		850
Cost of Sales	649	
Discount Allowed	50	
	\$1,830	\$1,830

3

c = \$100

## Question 15 Oz Sports Memorabilia

## Workings

## Value of Inventory Purchased

Cathy Freeman photographs	8 x \$310	\$2,480
Quinten Lynch photographs	6 x \$270	\$1,620
Total		\$4,100

## **General Ledger**

lı	าง	e/	n	t	o	r۱	/
----	----	----	---	---	---	----	---

2025			2025		
Mar 3	Bank	4,100	Mar 10	Cost of Sales	930
			24	Cost of Sales	540

## **GST Credits**

2025			
Mar 3	Bank	410	
28	Bank	26	
31	Bank	390	

## Cash at Bank

2025			2025		-
Jan 10	Sales/GST	2,970	Mar 3	Inventory/GST	4,510
24	Sales/GST	1,738	28 31	Telephone/GST Office	286
				Equipment/GST	4,290

#### Sales

2025		
Mar 10	Bank	2,700
24	Bank	1,580

## **GST Payable**

2025		
Mar 10	Bank	270
24	Bank	158

## **Question 15 continued** Oz Sports Memorabilia

## **General Ledger**

Mar 31 Bank

Cost of Sales	Co	st	of	Sa	les
---------------	----	----	----	----	-----

2025				
Mar 10	Inventory	930		
24	Inventory	540		
		Telep	phone	
2025				
Mar 28	Bank	260		
Office Equipment				
2025	_			

## Oz Sports Memorabilia **Trial Balance** as at 31 March 2025

Ledger Account Title	Debit	Credit
Inventory	2,630	
GST Credits	826	
Cash at Bank		4,378
GST Payable		4,280
Sales		428
Cost of Sales	1,470	
Telephone	260	
Office Equipment	3,900	
	\$9,086	\$9,086

## **Question 16 Computer Central**

## Calculation of GST payable write-back

Inventory									
2026	A	000	2026	0 1 10 1	004				
Sep 3	Accounts Payable	860	Sep 10	Cost of Sales	221				
			25	Cost of Sales	508				
		GST C	redits						
2026		0.0							
Sep 3	Accounts Payable	86							
Accounts Payable									
2026			2026						
Sep 19	Bank	946	Sep 3	Inventory/GST	946				
Cash at Bank									
2026			2026						
Sep 10	Sales/GST	451	Sep19	Accounts Payable	946				
30	Accounts Receivable	913							
		GST P	ayable						
2026			2026						
Sep30	Discount Received	6	Sep 10	Bank	41				
			25	Accounts Receivable	89				
		Sa	les						
			2026						
			Sep 10	Bank	410				
			25	Accounts Receivable	890				
		ļ							

# Question 16 continued Computer Central

#### **General Ledger**

$C \cap$	et	Λf	Sa	عما
$\mathbf{v}$	Эι.	VI.	Ja	163

2026		
Sep 10	Inventory	221
25	Inventory	508

#### **Accounts Receivable**

2026		2026		
Sep 25 Sales/GST	979	Sep 30	Bank/Discount	979

#### **Discount Allowed**

2026	2026
Sep 30 Accounts Receivable 66	Sep 30 GST Payable 6

# Computer Central Trial Balance as at 30 September 2026

Ledger Account Title	Debit	Credit
Inventory	131	
GST Credits	86	
Cash at Bank	418	
GST Payable		124
Sales		1,300
Cost of Sales	729	
Discount Allowed	60	
	\$1,424	\$1,424

3

#### **Advantages of the Perpetual Inventory System**

- 1 Short term (for example, monthly) income statements can be prepared as the cost of sales is known at any time.
- The possibility of running out of inventory is reduced as the business owner knows how much trading stock is left after each sale.
- 3 Fast and slow moving inventory lines can be easily identified.

#### **Question 17 Car Audio Sounds**

## Calculation of GST payable write-back

Inventory					
2028			2028		
Dec 1	Bank	790	Dec 9	Cost of Sales	135
		GST (	Credits		
2028					
Dec 1	Bank	79			
28	Accounts Payable	74			
	, , , , , , , , , , , , , , , , , , ,				
		Cash a	at Bank		
2028			2028		
Dec 31	Accounts Receivable	286	Dec 1	Inventory/GST	869
2000.	, toodamo i todonasjo			miromory, co.	000
	Acc	ounts	Receival	ole	
2028			2028		
Dec 9	Sales/GST	319	Dec 31	Bank/Discount	319
		GST F	Payable		
2028			2028		
Dec 31	Discount Allowed	3	Dec 9	Accounts Receivable	29
Sales					
			2028		
			Dec 9	Accounts Receivable	290
Cost of Sales					
2028					
Dec 9	Inventory	135			

#### **Question 17 continued Car Audio Sounds**

## **General Ledger**

#### **Office Furniture**

2028		
Dec 28	Accounts Payable	740

## **Accounts Payable**

2028		
Dec 28	Office Furniture/GST	814

#### **Discount Allowed**

2028 Dec 31	Accounts Receivable	33	2028 Dec 31	Accounts Receivable	3
			1		

## **Car Audio Sounds Trial Balance** as at 31 December 2028

Ledger Account Title	Debit	Credit
Inventory	655	
GST Credits	153	
Cash at Bank		583
GST Payable		26
Sales		290
Cost of Sales	135	
Office Furniture	740	
Accounts Payable		814
Discount Allowed	30	
	\$1,713	\$1,713