

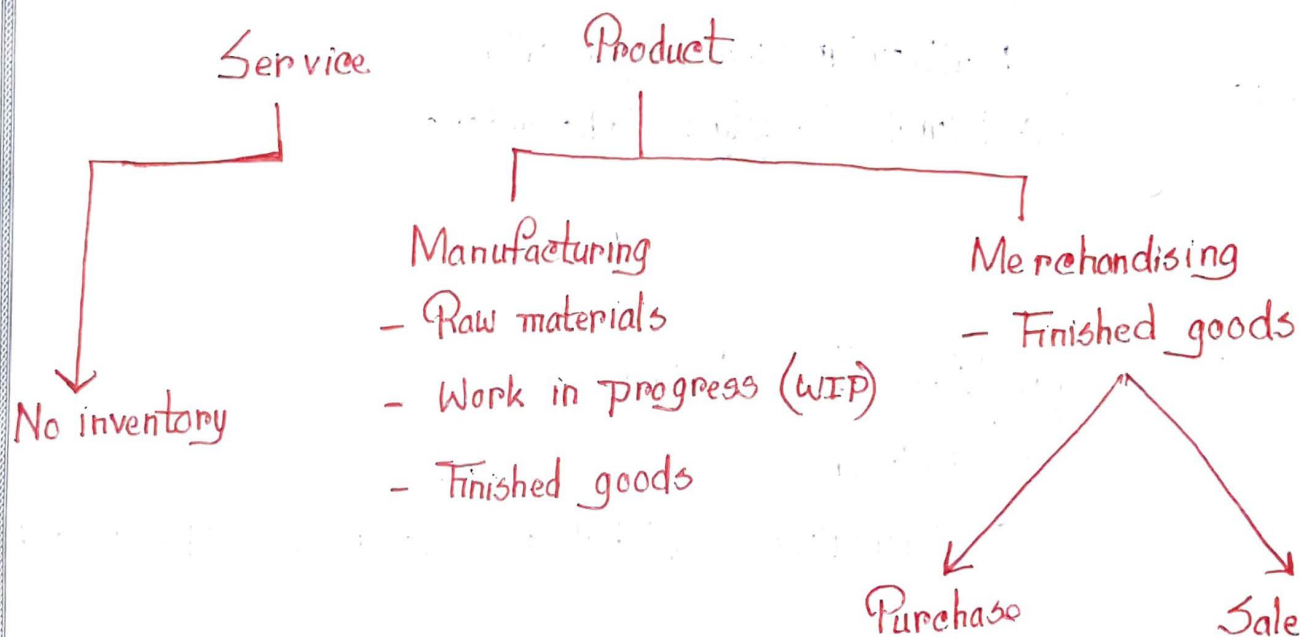
Theme:

ACT201

Date: 25 / 11 / 2019

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Chapter - 05 Merchandise Inventory



Perpetual Method

Theme:

- ↳ Recorded as an Asset
- ↳ Any cost related to inventory should be recorded as inventory

Purchase :

① Purchase 1000 units inventory @ Tk. 15

Inventory Dr. 15,000

Accounts Payable Cr 15,000

Periodic Method

↳ Recorded as an Expense

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Purchase Dr. 15,000

Accounts Payable Cr 15,000

② Transportation / Freight / Carriage Cost Tk 1000, FOB Shipping Point

Inventory Dr 1000

Cash Cr 1000

In

Transportation Expense Dr 1000

Cash Cr 1000

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III Purchase return 100 units

Accounts Payable Dr. 1500
Inventory Cr. 1500

Accounts Payable Dr. 1500
Purchase Return and Cr. 1500
allowance

IV Payment of due amount
After the term period

Accounts Payable Dr. 13500
Cash Cr. 13500

Within the term period

Accounts Payable Dr. 13500
Cash Cr. 13095
Inventory Cr. 405

After the term period

Accounts Payable Dr. 13500
Cash Cr. 13500

Within the term period

Accounts Payable Dr. 13500
Cash Cr. 13095
Purchase Discount Cr. 405
(Discount Received)

Theme:

FOB Shipping point \rightarrow Buyer pays transportation cost
 FOB Destination \rightarrow Seller pays transportation cost

* 10,000 units catalog price \$11 = \$110,000

Discount \$1 = \$10,000

Trade
discount

Payable Amount $10,000 \times \$10 = \$100,000$

Term : 2/10, n/30

Get 2% discount if you

Pay by 10 days

Or pay full amount

Within 30 days

Cash
discount

Within term period { Discount : \$2,000
 Paid Amount : \$98,000

Paid Amount :

Journal for Sale

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① Sold 800 units @ Tk 30 cash, Term 2/15, n/30

| | |
|---------------------------------|-------------------------------|
| ① Accounts Receivable Dr 24,000 | Accounts Receivable Dr 24,000 |
| Sales Revenue Cr 24,000 | Sales Revenue Cr 24,000 |

| | |
|--------------------------------|--|
| ② Cost of goods sold Dr 12,000 | |
| Inventory Cr 12,000 | |
| (800 x 15) | |

② Transportation / Freight / Carriage Cost Tk. 500, FOB Destination Point

| | |
|---------------------------|---------------------------|
| Transportation out Dr 500 | Transportation out Dr 500 |
| Cash Cr 500 | Cash Cr 500 |

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③ Sale return 50 units

① Sales Return and Dr 1500
Allowance
Accounts Receivable Cr 1500

② Inventory Dr 750
Cost of Goods Cr 750
Sold

① Sales return and Dr 1500
Allowance
Accounts Receivable Cr 1500

④ Receipt of due amount

After the term period

Cash Dr 22500
Accounts Receivable Cr 22500

Within term period

Cash Dr 22,050
Sales Discount Dr 450
(Discount Allowed)
Accounts Receivable Cr 22,500

After the term period

Cash Dr 22500
Accounts Receivable Cr 22500

Within term period

Cash Dr 22050
Sales Discount Dr 450
(Discount Allowed)
Accounts Receivable Cr 22,500