Solution:

If Rajiv were to use the periodic inventory system, then he would have used an auxiliary account for purchases and allowance and used that account to compute the cost of goods sold at the end of the accounting period.

The journal entries for the same are as follows:

<table>
<tr><th colspan="4">JOURNAL ENTRIES
(in thousands of $)</th></tr>
<tr><th>Date</th><th>Particulars</th><th>Debit</th><th>Credit</th></tr>
<tr><td rowspan="2">2018</td><td>Purchases
To Accounts Payable

(Being purchase of inventory on credit.)</td><td>980</td><td>
980</td></tr>
<tr><td>Accounts Payable
To Purchase Returns & Allowance

(Being return and allowance granted for purchases.)</td><td>100</td><td>
100</td></tr>
<tr><td rowspan="2">At the end of accounting period in 2018</td><td>Cost of Goods Sold
Purchases Returns & Allowance
To Beginning Inventory
To Purchases

(Being addition of the available merchandise for sale.)</td><td>1,020
70</td><td>

110
980</td></tr>
<tr><td>Inventory
To Cost of Goods Sold

(Being removal of final inventory to get the cost of goods sold.)</td><td>100</td><td>
100</td></tr>
</table>

However, if Rajiv were to use the perpetual inventory system, then he would have directly did the crediting to the cost of goods sold. Thus, we get the following values:

<table>
<tr><th colspan="4">JOURNAL ENTRIES
(in thousands of $)</th></tr>
<tr><th>Date</th><th>Particulars</th><th>Debit</th><th>Credit</th></tr>
<tr><td rowspan="3">2018</td><td>Inventory
To Accounts Payable

(Being purchase of inventory on credit.)</td><td>980</td><td>
980</td></tr>
<tr><td>Accounts Payable
To Inventory

(Being return and allowance granted for purchases.)</td><td>70</td><td>
70</td></tr>
<tr><td>Cost of Goods Sold
To Inventory

(Being cost of goods sold for sales.)</td><td>920</td><td>
920</td></tr>
</table>