

Solution:

JOURNAL ENTRIES FOR PERPETUAL METHOD			
Name: Rajiv & Co.			
Date	Particulars	Debit	Credit
	Inventory To Accounts Payable (Being purchase of items for the year)	980,000	980,000
	Accounts Payable To Inventory (Being return of defective items)	70,000	70,000
	Cost of Goods Sold To Inventory (Being sale of items)	920,000	920,000

Note: There are no closing entries at the end of the accounting period in perpetual method.

JOURNAL ENTRIES FOR PERIODIC METHOD			
Name: Rajiv & Co.			
Date	Particulars	Debit	Credit
	Purchase To Accounts Payable (Being purchase of items for the year)	980,000	980,000
	Accounts Payable To Purchase Returns (Being return of defective items)	70,000	70,000
[At end of accounting period]	Cost of Goods Sold Purchase Returns To Purchase To Inventory	1,020,000 70,000	980,000 110,000
[At end of accounting period]	Inventory To Cost of Goods Sold	100,000	1,020,000

Note: There are no sales entry in the periodic method.