

## Net Purchases and Cost of Goods Purchased – Periodic Inventory

|   |             |
|---|-------------|
| Purchases (Expense – part of Cost of Goods Sold)  | 1000        |
| -Purchase Returns and Allowances (contra-expense) | (200)       |
| <u>-Purchases Discounts (contra-expense)</u>      | <u>(16)</u> |
| Net Purchases                                     | 784         |
| +Transportation-in                                | 20          |
| <u>Cost of Goods Purchased</u>                    | <u>804</u>  |

On 9/1, Roger Rabbit purchased inventory from Beagle Company for \$1,000 with credit terms of 2/10, n30.

On 9/4, Roger Rabbit returns \$200 of merchandise for credit.

On 9/9, Roger Rabbit pays Beagle, less the discount.

On 9/15, Roger Rabbit pays the freight carrier \$20 for Transportation-in on the purchase of the inventory.

Make the journal entries for Roger Rabbit, post to the T-accounts.

Show the calculation of Net Purchases and Cost of Goods Purchased for Roger Rabbit.

|      | Account Name           |   | Debit | Credit |                   |                    |
|------|------------------------|---|-------|--------|-------------------|--------------------|
| 9/1  | Purchases              | ✓ | 1000  |        | Cash              | Accounts Payable   |
|      | A/P                    | ✓ |       | 1000   | 784               | 300    1000        |
|      |                        |   |       |        | 20                | 800    800         |
|      |                        |   |       |        |                   | 0                  |
| 9/4  | A/P                    | ✓ | 200   |        | Purchases         | Purchase R & A     |
|      | Purchase Ret. + Allow. | ✓ |       | 200    | 1000              | 300                |
| 9/9  | A/P                    |   | 800   |        | Transportation-in | Purchase Discounts |
|      | Cash                   |   |       | 784    | 20                | 16                 |
|      | Purch. Discount        |   |       | 16     |                   |                    |
| 9/15 | Transportation - In    |   | 20    |        |                   |                    |
|      | Cash                   |   |       | 20     |                   |                    |

### Net Sales - Periodic Inventory

|   |            |
|---|------------|
| Sales   | 1000       |
| - Sales Returns and Allowances (contra-revenue) | (200)      |
| - Sales Discounts (contra-revenue)              | (10)       |
| <b>Net Sales</b>                                | <b>784</b> |

On 9/1, Beagle Company made a sale on account to Roger Rabbit for \$1,000 with credit terms of 2/10, n30.

On 9/4, Roger Rabbit returns \$200 of merchandise to Beagle for credit.

On 9/9, Beagle receives payment from Roger Rabbit, less the discount.

On 9/15, Beagle pays the freight carrier \$20 to deliver the merchandise to Roger Rabbit.

Make the journal entries for Beagle Company and post to the T-accounts. Show the calculation of Net Sales for Beagle.

| Account Name       | Debit | Credit |
|--------------------|-------|--------|
| 9/1 A/R            | 1000  |        |
| 9/4 Sales R + A    | 200   |        |
| 9/9 Cash           | 784   |        |
| 9/9 Sales Discount | 10    |        |
| 9/15 Freight out   | 20    |        |
| 9/15 Cash          |       | 800    |

  

|             |            |            |
|-------------|------------|------------|
| Cash        | 784        | 20         |
|             |            | 800        |
| <b>Cash</b> | <b>784</b> | <b>800</b> |

  

|                            |            |            |
|----------------------------|------------|------------|
| Accounts Receivable        | 1000       | 200        |
|                            | 800        |            |
| <b>Accounts Receivable</b> | <b>200</b> | <b>800</b> |

  

|              |             |
|--------------|-------------|
| Sales        | 1000        |
|              | 10          |
| <b>Sales</b> | <b>1000</b> |

  

|                        |           |
|------------------------|-----------|
| Sales Discounts        | 10        |
|                        | 20        |
| <b>Sales Discounts</b> | <b>30</b> |

  

|                           |           |
|---------------------------|-----------|
| Transportation-out        | 20        |
|                           |           |
| <b>Transportation-out</b> | <b>20</b> |

  

|                        |            |
|------------------------|------------|
| Sales R & A            | 200        |
|                        |            |
| <b>Sales R &amp; A</b> | <b>200</b> |

## Cost of Goods Sold – Periodic Inventory

Purchases  
 -Purchase returns and allowances  
-Purchase discounts  
**Net purchases**

Net purchases  
+Transportation-in  
**Cost of goods purchased**

Beginning inventory  
+ Cost of good purchased  
**Cost of goods available for sale**

Cost of goods available for sale  
- Ending inventory  
**Cost of goods sold**

### Expanded Cost of Goods Sold

|  |                   |                    |
|--|-------------------|--------------------|
| <b>Beginning Inventory</b>                   |                   | <b>XXX</b>         |
| <i>Purchases</i>                             | <i>XXX</i>        |                    |
| <i>Less: Purchase returns and allowances</i> | <i>- XX</i>       |                    |
| <u><i>Purchase discounts</i></u>             | <u><i>-XX</i></u> |                    |
| <i>Net purchases</i>                         | <i>XXX</i>        |                    |
| <u><i>+Transportation-in</i></u>             | <u><i>XX</i></u>  |                    |
| <b>+Cost of goods purchased</b>              |                   | <u><b>XXX</b></u>  |
| <b>Cost of goods available for sale</b>      |                   | <b>XXX</b>         |
| <b><u>- Ending Inventory</u></b>             |                   | <u><b>-XXX</b></u> |
| <b>Cost of goods sold</b>                    |                   | <b>XXX</b>         |