

2-PP CH4 PAGE 1
 MERCHANDISING ENTRIES - SUMMARY ZPPCH4 (Pg 37)

Buyer

PURCHASES - GROSS METHOD (DISCOUNTS) (Perpetual system)

- PURCHASE MERCHANDISE FOR Resale
- PAYING FOR MERCHANDISE WITHIN DISCOUNT PERIOD (Reduced COST OF INVENTORY)
- PAYING FOR INVENTORY OUTSIDE DISCOUNT PERIOD (NO COST SAVINGS)
- PAYING FREIGHT COST ON PURCHASED INV (FOB SHIP)
- Recording PURCHASE RETURNS OR ALLOWANCES

MERCHANDISE INVENTORY	CASH (OR) ACCT PAYABLE	CASH	ACCOUNTS PAYABLE
DR XX	CR XX		
CR XX		CR XX	DR XX
		CR XX	DR XX
DR XX		CR XX	DR XX
CR XX			DR XX

(NOTE: NO IMPACT ON INVENTORY)

↓ DIFFERENCE ↓
 Reduces COST OF INVENTORY

ALSO COULD BE DR TO CASH.

NOTES: ALL ABOVE = PERMANENT ACCTS.
 NONE ARE TEMPORARY Expense ACCTS
 IMPACT OF DISCOUNT W/B WHEN Merchandise SOLD (ie on COST OF GOODS SOLD)