

Merchandising Company: Buyer/Seller Entries Example #2

Net Perpetual Method

Journalize the entries below for the buyer, Benson Pharmaceuticals, and the seller, Saiger Company. Assume that both companies use the net perpetual method to account for merchandising transactions.

March 19. Benson purchases \$12,000 of merchandise from Saiger with the terms 1/15 n/30, FOB Shipping Point. The cost of the merchandise sold was \$7,000.

Buyer			
Date		Debit	Credit
3/19	Merchandise inventory	11880	
	Accounts payable		11880
Seller			
Date		Debit	Credit
3/19	Accounts receivable	11880	
	Sales		11880
3/19	Cost of merchandise sold	7000	
	Merchandise inventory		7000

March 24. Benson Company pays \$250 for shipping.

Buyer			
Date		Debit	Credit
3/24	Merchandise inventory	250	
	Cash		250
Seller			
Date		Debit	Credit
	NO ENTRY		

March 29. Benson returns \$2,000 of the merchandise that was purchased on March 19th. The cost of the merchandise returned was \$1,300.

Buyer			
Date		Debit	Credit
3/29	Accounts payable	1980	
	Merchandise inventory		1980
Seller			
Date		Debit	Credit
3/29	Customer refunds payable	1980	
	Accounts receivable		1980
3/29	Merchandise inventory	1300	
	Estimated returns inventory		1300

April 2. Benson pays for the merchandise.

Buyer			
Date		Debit	Credit
4/2	Accounts payable	9900	
	Cash		9900
Seller			
Date		Debit	Credit
4/2	Cash	9900	
	Accounts receivable		9900