

Perpetual vs Periodic Inventory Journal Entries

Journal Entry	Inventory system	Debit	Credit
Purchase of goods	Perpetual	Inventory	Accounts payable
	Periodic	Purchases	Accounts payable
Purchase discount	Perpetual	Accounts payable	Inventory
	Periodic	Accounts payable	Purchase discounts
Freight costs	Perpetual	Inventory	Accounts payable
	Periodic	Freight costs	Accounts payable
Purchase return	Perpetual	Accounts payable	Inventory
	Periodic	Accounts payable	Purchase returns
Sale of goods	Perpetual	Cost of goods sold	Inventory
	Perpetual	Accounts receivable	Sales
	Periodic	Accounts receivable	Sales
Sales return	Perpetual	Inventory	Cost of goods sold
	Perpetual	Sales returns	Accounts receivable
	Periodic	Sales returns	Accounts receivable
Inventory count shortage	Perpetual	Loss on write down	Inventory
	Periodic	Loss on write down	Inventory
End of period entries	Perpetual	No entry	No entry
	Periodic	Cost of goods sold	Inventory (Opening)
	Periodic	Inventory (Closing)	Cost of goods sold