

MERCHANDISE ACCOUNT.

Merchandise consists of those commodities which the concern buys and sells for the purpose of making a profit.

MERCHANDISE.

DEBIT MERCHANDISE.

For goods on hand when beginning business;
For all subsequent purchases;
For returned sales;
For freight and drayage.

CREDIT MERCHANDISE.

For all Merchandise sold;
For returned purchases;
For goods taken from stock for private use;
For unsold goods at the close of the business year.
This merchandise is called "Inventory" and is recorded in red ink.

SUMMARY.

Merchandise is debited for its cost.

Merchandise is credited for its proceeds.

Merchandise account is often subdivided, accounts being opened for goods regarding which the owners may desire special information, as: Knit Goods, Furnishings, Carpets, &c., &c.

EXAMPLES OF BUSINESS TRANSACTIONS AFFECTING MERCHANDISE.

MERCHANDISE.

TO		BY	
Sept.	1	Sept.	4
			325.77
"	6	"	7
			137.15
"	12	"	10
			175.85
"	15	"	10
			295.55
"	19	"	22
			125.48
			† 1029.80
			57.50
			1004.80
Oct.	1		
	Inventory		57.50

Rule paper as in Cash account and record the following transactions. You will observe that the Gain and Inventory are shown in red ink.

Sept. 1, Bought merchandise for cash, \$400.00. Sept. 4, Sold merchandise for cash, \$325.77. Sept. 6, Bought merchandise on my note, \$150.00. Sept. 7, Sold merchandise to E. F. Henderson on 30 days' credit, \$137.15. Sept. 10, Sold Walter Harris merchandise on 60 day note, \$175.85. Sept. 12, E. F. Henderson returns to us from his purchase of the 7th inst. goods valued at \$7.00. Sept. 15, Bought merchandise from Calvin Munroe on account, \$375.85. Sept. 19, Sold W. M. Anderson on his 10 day note, \$295.55. Sept. 19, Bought merchandise from Fred Fitzgerald for cash, \$296.38. Sept. 22, Sold J. S. McDonald on account, merchandise valued at \$125.48.

† Period footings.