



Accounting

for a

**Merchandising
Business**

Service vs. Merchandising

- So far we have studied Service Businesses....



Merchandising (or Retail)



Merchandising Business

- A merchandising or **retail** operation buys merchandise from wholesalers and manufacturers and resells it to the public.



What is merchandise?

- A 'good' (anything really)
- Bought for a certain price
- Sold for a higher price. (usually)



Inventory

- The merchandise that we have purchased is known as **'Inventory'**.



A final adjustment....

- at the end of a fiscal period, we take a **'physical inventory'** to see what is left of the merchandise we have purchased.

Physical Inventory

.....an exercise

- Using the sheets you have been given, complete a physical inventory.
- **Controls:** you will need someone else to 'sign off' on your inventory count.

(This makes both you and them responsible for the inventory count.)

Please hand in your inventory sheet when it is complete.