Service Entities

Profit for the period = commissions - fees - Operating Expenses (admin. + distribution expenses)

Retail Entities

Profit for period = sales revenue - COS - (Operating + financial expenses)

Inventories Definition

Assets that are held: for sale in the ordinary course of business; in the process of production; in the form of materials/supplies to be consumed within business operation

Transaction Price Definition

The amount to which an entity expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties

Types of Discounts

Cash: offered at point of purchase/sales

Settlement: goods bought on credit and discount is offered for early settlement

Trade: associated with purchases/sales between retailers and suppliers

Perpetual System

Immediate and up-to-date information about inventory on hand

Weakness: Owing to theft, inventory account doesn't reflect actual cost

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