

Goods Receipt Journal Entry

When goods are received but not yet paid for (purchased on credit), the journal entry to record the receipt of goods typically looks like this:

Date: [Date the goods were received]

Account Title	Debit (\$)	Credit (\$)
Inventory or Expense	XXXX	
Accounts Payable	XXXX	

Explanation:

- **Inventory or Expense:** If the purchase is for goods that will be resold, it is debited to the Inventory account. If the purchase is for goods or services used as supplies or for operational purposes, it is debited to the appropriate Expense account.
- **Accounts Payable:** Represents the credit entry, indicating the company's obligation to pay the supplier in the future.

Example Journal Entry

Suppose a company receives \$3,000 worth of inventory on credit from a supplier on March 15, 2023. The journal entry to record this transaction would be:

Date: March 15, 2023

Account Title	Debit (\$)	Credit (\$)
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Inventory	3,000	
Accounts Payable	3,000	

Narration: Recorded receipt of inventory worth \$3,000 on credit from [Supplier Name].

Key Points to Remember

- **Debit Entry:** The debit entry increases the Inventory or Expense account, reflecting the acquisition of new assets or the consumption of resources.
- **Credit Entry:** The credit entry increases the Accounts Payable account, reflecting an obligation to pay the supplier.
- **Narration/Description:** Always include a brief explanation of the transaction, mentioning the nature of the goods received and the name of the supplier. This is crucial for clarity and future reference.

This format ensures that the goods receipt is accurately recorded in the company's books, reflecting both the increase in assets or expenses and the corresponding increase in liabilities.