

Distinguish, differentiate, compare and explain what is the difference between Periodic and Perpetual Inventory System. Comparison and Differences.

## **Difference between Periodic and Perpetual Inventory System**

1. In periodic inventory system, as the name suggests it maintains periodic intervals. Perpetual inventory system does not maintain periodic intervals.
2. Periodic is not a better control system over inventories whereas Perpetual is a better control system over inventories.
3. The periodic inventory system is widely used whereas Perpetual is narrowly used.
4. The periodic inventory system has good scope in small business. The perpetual inventory system has good scope for a large business.
5. Periodic inventory system shows the cost of goods sold at the end of the accounting period. Perpetual inventory system shows the cost of inventory on hand at any time.
6. Periodic inventory system supports lower unit value whereas Perpetual supports higher unit value.