

CONSIGNMENT ACCOUNTS

* In the books of consignor prepare
 (i) consignment a/c - To determine whether ^{accrued} Profit/Loss
 (ii) consignee a/c - To determine whether consignee is a creditor or Debtor.

In the books of consignor

Dr.		Consignment a/c. (Nominal A/c)		Cr.	
Date	Particulars	₹	Date	Particulars	₹
	To Goods sent on Consignment	xxx		By consignee (sales)	xxx
	To Cash / Bank (Packing exp)	xxx			

Dr.		consignee a/c (Personal a/c)		Cr.	
Date	Particulars	₹	Date	Particulars	₹
				By cash / Bank / B.R	xxx
				By consignment (exp)	xxx.

Entries :-

consignor books consignee books

1. When goods are sent on consignment

consignment a/c Dr To Goods sent on consignment a/c. [Being goods sent on consignment] Goods sent on consignment a/c Dr To Trading a/c.	consignment a/c Dr To Goods sent on consignment
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- ii) When goods are charged to consignment a/c:

consignment a/c Dr To Goods sent on consignment	
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2. When expenses for sending goods

consignment a/c Dr To Bank/cash/Creditors	
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3. For advance received from consignee.

Cash/Bank/Bills receivables a/c Dr To consignee	Consignee a/c Dr To cash
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4. For expenses incurred by consignee.

consignment a/c Dr To Consignee a/c.	consignee a/c Dr To Cash/Bank
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5. On consignee reporting sales

Consignee a/c Dr To Consignment a/c.	Cash/Bank/CO Dr TO consignee
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6. Commission due

consignment a/c Dr To consignee a/c	consignee a/c Dr To commission
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7. Bad debts

consignment a/c Dr To consignee a/c.	consignee a/c Dr To Consignment Debts.
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8. closing consignment account

consignment a/c Dr TO Goods General Profit & Loss	NO entry
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Loss :-
 Profit & Loss a/c Dr
 To Consignment



Final settlement:- cash/bank ac Dr Consignor ac Dr
 To consignee ac. To cash/ Bank

For closing the Goods sent on consignment :-
 Goods sent on To Trading / purchases ac.
 consignment ac.

On closing Stock. Stock on consignment ac Dr
 To consignment ac.

valuation of closing/consignment stock :-

Particulars	calculation	₹
Cost price of goods unsold	unsold stock × cost per unit	xxx.
Add:- Consignor expenses	if Total stock = cost unsold stock = ?	
Add:- Consignee non-selling expenses (Transportation exp only)	if Total stock = cost unsold stock = ?	
Total		xxx

* In case of Normal Loss

Value of unsold stock = Total value of goods sent * $\frac{\text{unsold quantity}}{\text{good quantity received by consignee}}$

Statement showing calculation of Abnormal Loss during Transit

A. cost price of goods lost during transit	xxx
B. Add: consignor's proportionate exp.	xxx
[consignor's total exp × units lost / Total unit sent]	
Total	<u>xxx.</u>

statement showing the calculation of Abnormal loss in consignee godown:-

A. Cost price of goods lost in Consignee's Godown	xxx
B. Add: consignee's proportionate expenses	xxx
C. Add: $\left[\begin{array}{l} \text{consignor's total exp} \times \frac{\text{units lost}}{\text{Total units sent}} \\ \text{consignee's proportionate non-recurring exp} \end{array} \right]$	xxx
consignee's total non-recurring exp $\times \frac{\text{units lost}}{\text{units received by consignee}}$	
Total.	

statement showing valuation of closing stock:-

A. Cost of goods sent by consignor.	xxx
B. Add: Expenses incurred by consignor.	xxx
C. Add: Non-recurring expenses of consignee	xxx
D. less: Expected normal loss (units only)	xxx
Cost of goods available for sale	
Cost of unsold stock.	

Incase of Abnormal loss.

- ⇒ A Cost of goods sent by consignor
- B. Add: Expenses incurred by consignor
- C. less: Abnormal loss (if during the transit)
- D. Add: consignee non recurring exp.
- Cost of goods available for sale.

Special Entries in the books of Consignor.

(a) When Del crede commission is given.

(i) For credit sales.

Consignee a/c Dr
To Consignment a/c

(ii) For Bad debts.

No Entry

(iii) For Del crede commission.

Consignment a/c Dr
To Consignee a/c.



(b) When Delcrede commission is not given

(a) credit sales

consignee a/c Dr
To Consignment a/c.

(b) Bad debts

Consignment a/c Dr
To Consignment Debtors

(c) Realization of cash.

Cash a/c Dr } if it is by
To Consignment Debtors } consignee.

consignee a/c Dr } if it is by
To consignment Debtors } consignee.

Entries in the books of Consignee

When delcrede commission is ~~not~~ given

(a) Credit sales

Consignment ^{Debtors} a/c Dr
To consignee a/c.

(b) Bad Debts.

Bad debts a/c Dr
To Consignment Debtors.

(c) Realisation of cash.

Cash / Bank a/c Dr
To consignment Debtors.

(d) closing Bad Debts

Commission received a/c Dr
To Bad debts a/c.

Treatment of abnormal loss:

1. For Abnormal Loss:

Abnormal Loss a/c Dr
To consignment a/c.

2. For Insurance claim received by insurance comp.

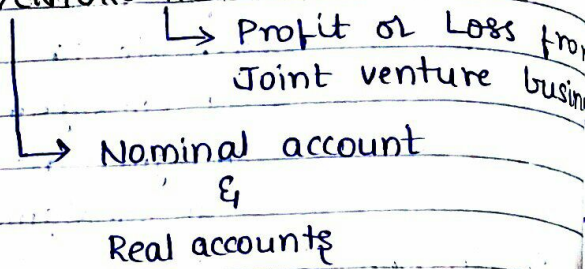
Insurance comp / Bank a/c Dr
To Abnormal Loss a/c.

iii) If goods are not insured
Profit & Loss a/c Dr
 To Abnormal loss

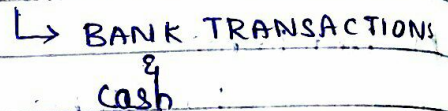
iv) For transferring the Net loss:
Profit & Loss a/c Dr
 To Net loss.

→ Separate set of books maintained for Joint venture

JOINT VENTURE ACCOUNT.

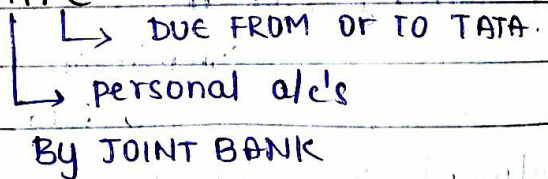


JOINT BANK A/C.

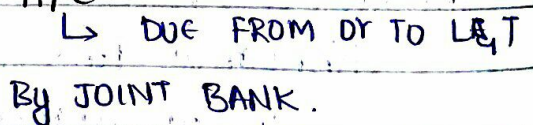


To Tata
TO LET

LET A/C



TATA A/C.



Joint venture Accounts

→ Methods of recording Joint venture transactions.

Separate set of Books Method.

Recording all Joint venture transactions in books of one co-venturer

Recording all Joint venture transact. in books of all co-venturers.

Memorandum Joint venture Account method

→ As it does not have going concern, balance sheet is not prepared as it has only limited life i.e. till completion of project.

→ Every expenditure where capital; or revenue must be recorded in Joint venture ~~transacti~~ account

Method-1 Separate set of Books Method.

Entries:-

1. On Deposit of Capital Brought in By Co-venturer in Bank a/c

	Joint Bank a/c Dr
in Bank a/c	To Co-Venturers a/c

2. On purchases of Goods

(a) For cash	Joint venture a/c Dr
	To Joint Bank a/c.
(b) For credit	Joint venture a/c Dr
	To Suppliers a/c.
(c) By any one of co-venturers	Joint venture a/c Dr
	To Coventurers a/c.

3. On Making payment to supplier of Goods.

	Suppliers a/c Dr
	To cash/ Joint Bank a/c
	To Joint venture (Discount received)

4. On Discharging Bills payable.

	Bills payable a/c Dr
	To Joint Bank a/c.

5. On supply of goods out of own stock by any Co-Venturer
 Joint venture a/c Dr
 To Co-Venturer a/c.
6. On payment of expenses.
 (a) out of Joint Bank.
 Joint venture Expenses a/c Dr
 To Joint Bank a/c.
 (b) out of co-venturer.
 Joint venture a/c Dr
 To Co-Venturer a/c.
7. On sale of goods
 (a) For cash
 Joint Bank a/c Dr
 To Joint venture
 (b) on credit
 Customers/ Debtors a/c
 To Joint venture.
 (c) on any of co-venturer
 Co-venturer a/c Dr
 To Joint venture
8. On Receiving payment from a customer
 Joint Bank a/c Dr / cash / B/R
 Joint venture a/c Dr (D. allowed)
 To Customer a/c.
9. On Discounting Bills receivable.
 Joint Bank a/c Dr Net
 Joint venture a/c Dr (Discount)
 To Bills receivable.
10. On taking away the unsold stock in part / full by any of co-venturers.
 Co-venturer a/c Dr
 To Joint venture a/c.
11. Where co-venturer is entitled to salary / commission.
 Joint venture a/c Dr
 To Co-venturer
12. On transferring balance of Joint venture a/c.
 Profit
 Joint venture a/c Dr
 To Co-venturers a/c.
 Loss
 Co-venturers a/c Dr
 To Joint venture a/c.

Joint Venture a/c.

₹	₹
To Joint Bank (Purchases)	By Joint Bank a/c (Sale)
To Joint Bank (Expenses)	- Good units
To Co-venturer (purchases)	- Damaged units.
To Bills receivable (Discount)	By X (Sales)
To Coventurer (Expenses)	By Y (Sales)
To profit trf to	By Joint bank a/c (Insurance claim)
- Coventurer a/c	By closing stock
	- Coventurers
	By Loss trf to
	- Coventurers

* When NO Separate Books of accounts are maintained

→ Two accounts are maintained by coventurer

(i) Joint venture

(ii) Other co-venturer a/c.

In the books of A

In the books of B

*1. When A purchases goods for cash for Joint venture Business.

Joint venture a/c Dr

To Cash/Bank

Joint venture a/c Dr xxx

To A's a/c xxx

*2. When B purchased goods by spending cash for Joint venture business

Joint venture a/c Dr

To B's a/c

Joint venture a/c Dr

To cash a/c

*3. When A paid Expenses of Joint venture business with his cash

Joint venture a/c Dr

To cash a/c

Joint venture a/c Dr

To A's a/c

*4. When B paid Expenses of Joint venture out of his business cash

Joint venture a/c Dr

To B's a/c

Joint venture a/c Dr

To Cash a/c

* 5. When A supplied goods/ Asset by spending cash & bought business

Joint venture a/c Dr

To cash a/c.

Joint venture a/c Dr

To A's a/c.

* When B supplied asset by spending cash.

Joint venture a/c Dr

To B's a/c.

Joint venture a/c Dr

To cash a/c.

*. When A supplied his stock/^{Asset} to Joint venture business.

Joint venture a/c Dr

To stock/^{Asset} a/c.

Joint venture a/c Dr

To A's a/c.

* When B supplied his stock/^{Asset} to Joint venture business.

Joint venture a/c Dr

To B's a/c.

Joint venture a/c Dr

To stock/^{Asset} a/c.

* When A sold goods for cash

cash a/c Dr

To Joint venture a/c.

A a/c Dr

To Joint venture a/c.

* When B sold goods for cash.

B's a/c Dr

To Joint venture a/c.

cash a/c Dr

To Joint venture

* When unsold goods Taken by A

Joint venture a/c Dr

To Goods/stock a/c Dr

To Joint venture a/c.

A's a/c Dr

To Joint venture

* When unsold goods taken by B

B's a/c Dr.

To Joint venture.

Goods a/c Dr

To Joint venture.

* For profit on Joint venture business:-

Joint venture a/c dr
To B's a/c
To P&L a/c.

Joint venture a/c dr
To A's a/c
To P&L a/c.

* Loss on Joint venture business:-

B's a/c dr
P&L a/c dr
To Joint venture.

A's a/c dr
P&L a/c dr
To Joint venture.

Memorandum Joint venture account method:-

In the books of A
Joint venture with B a/c.

In the books of B
Joint venture with A a/c.