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**Subject:- Financial Accounting**

**Topic**

**Consignment**



**"Nothing is more  
important than  
Education"**

# **CONSIGNMENT**

When a person wants to explore his business to all over the country then he appoints an agent in that place for selling his goods.

In that case, Such Person who is the principal of goods is called Consignor and the agent is called Consignee.

A Consignor purchases the goods and sends to Consignee for selling and he pays him commission for his services.

Consignee sold goods and amount remitted to Consignor after deducting his expenses and commission.

In this way, Consignment is a medium through which two persons who live in different places connect each other for the purpose of selling goods in different places.

# **CONSIGNMENT**

## **Journal Entries In the books of Consignor:-**

1. When goods sent to Consignee

Consignment A/C ....Dr.

To Goods sent on Consignment A/C  
(Being goods sent on Consignment)

2. Expenses paid by himself

Consignment A/C ...Dr.

To Cash/Bank A/C  
(Being expenses paid)

3. When Consignee incurred expenses

Consignment A/C ....Dr.

To Consignee A/C  
(Being expenses incurred by consignee)

# **CONSIGNMENT**

## **Journal Entries In the books of Consignor:-**

4. When Consignee sold goods either Cash or Credit

Consignee A/C ....Dr.

To Consignment A/C

(Being goods sold by Consignee on Consignment)

5. when advance received in terms of bill or amount

Cash/Bank/B/R A/C ...Dr.

To Consignee A/C

(Being advance received)

6. When bill discounted

Bank A/C ...Dr.

Discount A/C ...Dr.

To B/R A/C ....Dr.

(Being bill discounted)

# **CONSIGNMENT**

## **Journal Entries In the books of Consignor:-**

7. When Commission charged

Consignment A/C ....Dr.

To Consignee A/C

(Being commission charged)

8. When goods lost in transit

Abnormal Loss A/C ...Dr.

To Consignment A/C

(Being goods lost in transit)

9. when partial amount received from

insurance company

Cash/Bank A/C ...Dr.

P/L A/C ...Dr.

To Abnormal Loss A/C ....Dr.

(Being Partial amount received)

# **CONSIGNMENT**

## **Journal Entries In the books of Consignor:-**

10. One single entry for above 8&9

Cash/Bank A/C ...Dr.

P/L A/C ...Dr.

To Consignment A/C ....Dr.

(Being amount received from insurance company)

11. When Unsold goods taken

Consignment Stock A/C ... Dr.

To Consignment A/C

(Being unsold stock taken)

12. Profit on Consignment

Consignment A/C ...Dr.

To P/L A/C

(Being profit on Consignment transferred to P/L A/C)

13. Goods sent on Consignment transferred to trading A/C

Goods sent on Consignment A/C ...Dr.

To Trading A/C

(Being goods sent on Consignment transferred to trading A/C)

**Thank you for watching**