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Subject:- Financial Accounting

Topic

Consignment



"Nothing is more important than Education"

(A) Consignment of Goods at Cost Price

Problem 1

M/s Ram & Co. of Kolkata consigned 50 cases of ₹ 200 each to M/s Ghosh & Sons of Katihar. The consignors paid ₹ 200 for Insurance and ₹ 300 for freight. The Account Sales was received from M/s Ghosh & Sons. The total sales amounted to ₹ 14,000. The expenses incurred by M/s Ghosh & Sons were : Postage ₹ 20, Cartage ₹ 50, Godown Rent ₹ 130. The Consignee is entitled to get a commission of 4% on sales. The amount due on consignment was received from consignee through cheque.

Pass Journal entries in the books of Consignor and prepare Consignee's and Consignment Accounts.

Solution Journal Entries in the Books of Consignor Dr. Cr.

Date	Particulars	L.F.	Amount	Amount
	Consignment to Katihar A/c To Goods sent on Consignment A/c (Being the goods sent on consignment, 50 cases @ ₹ 200)	Dr.	₹ 10,000	₹ 10,000
	Consignment to Katihar A/c To Cash A/c (Being expenses paid, Freight ₹ 300, Insurance ₹ 200)	Dr.	500	500
	M/s Ghosh & Sons A/c To Consignment to Katihar A/c (Being the goods sold)	Dr.	14,000	14,000
	Consignment to Katihar A/c To M/s Ghosh & Sons A/c (Being the expenses paid by the consignee : Postage ₹ 20, Cartage ₹ 50, Godown Rent ₹ 130)	Dr.	200	200
	Consignment to Katihar A/c To M/s Ghosh & Sons A/c (Being commission allowed to the consignee)	Dr.	560	560
	Consignment to Katihar A/c To Profit & Loss A/c (Being profit on consignment transferred to P/L A/c)	Dr.	2,740	2,740
	Bank A/c To M/s Ghosh & Sons A/c (Being cheque received for the balance due)	Dr.	13,240	13,240
	Goods sent on Consignment A/c To Trading A/c (Being transfer of goods sent on Consignment to Trading A/c)	Dr.	10,000	10,000

Consignment to Katihar Account

<i>Date</i>	<i>Particulars</i>	<i>Amount</i>	<i>Date</i>	<i>Particulars</i>	<i>Amount</i>
	To Goods sent on Consignment A/c	₹ 10,000		By M/s Ghosh & Sons (Sales)	₹ 14,000
	To Cash A/c (Expenses)	500			
	To M/s Ghosh & Sons (Expenses)	200			
	To M/s Ghosh & Sons (Commission)	560			
	To Profit & Loss A/c (Profit)	2,740			
		<u>14,000</u>			<u>14,000</u>

M/s Ghosh & Sons

	To Consignment to Katihar A/c	₹ 14,000		By Consignment to Katihar A/c (Exps.)	₹ 200
				By Consignment to Katihar A/c (Commission)	560
				By Bank A/c	13,240
		<u>14,000</u>			<u>14,000</u>