



# Consignee

## Support Notes

This support notes are suitable for:

- MYOB Accounting
- MYOB Premier
- MYOB PremierPlus

### Introduction

Consignment stock by definition is a marketing arrangement whereby physical control of merchandise, but not title is transferred from one business (the Consignor) to another (the Consignee). As Consignee, the title to the goods remains with the consignor until the goods are sold. As a consequence, consignment stock must not be shown as an asset in the consignees' books.

MYOB accounting software can be used as an effective tool in controlling how much consignment stock you hold. To incorporate consignment stock into your figures, follow the steps below.

For example, assume that you are the proprietor of a computer software store. You hold a number of lines on a consignment basis. At the end of each month you notify the consignor of consignment sales. The consignor then invoices you for the stock sold.

This support note explains how to handle consignment stock as a consignee using the above scenario as an example.

### How do I enter consignment stock transactions?

#### **Step 1 - Set up a dedicated asset account for consignment stock**

1. Go to the **Accounts** command centre and click **Accounts List**.
2. Click **New** and enter a unique account number that suits your account list.
3. Name the account Consignment Stock and click **OK**.

**Edit Accounts**

**Profile** | Details | Banking | History

**1-1450 Consignment Stock** Current Balance ⇄: \$0.00

Header Account
  Detail Account
  Inactive Account

Account Classification: Asset

Account Type: Other Asset

Account Number: 1 - 1450

Account Name: Consignment Stock

Opening Balance: \$0.00

## Step 2 - Set up inventory for consignment stock

Each line of inventory on consignment will require its own item number.

1. Go to the **Inventory** command centre, click **Item List** and click **New** to set up a new inventory item for the item being sent out on consignment. Use the same number as the existing trading stock item number, however precede it with the letter 'C'.
2. Mark the item as **I Buy**, **I Sell** and **I Inventory**.
3. Make the asset account created in the previous step the Linked Asset Account for the C Item(s) in your Items List.

4. Make sure that the **Income Account for Tracking Sales** and the **Cost of Sales Account** are the same as those used for the trading stock item number.

Item Information

Profile | Item Details | Buying Details | Selling Details | History | Auto-Build | Locations

Item Number: C132432  Inactive Item  
 Name: AFL-2005 CD-Rom Consignment

Quantity On Hand ⇄: 0  
 Current Value ⇄: \$0.00  
 Average Cost: \$0.00  
 Committed ⇄: 0  
 On Order ⇄: 0  
 Available ⇄: 0

Buy This Item      Cost of Sales Account ⇄: 5-2400 Software  
 Sell This Item      Income Account for Tracking Sales ⇄: 4-1800 Software Sales  
 Inventory This Item      Asset Account for Item Inventory ⇄: 1-1450 Consignment Stock

Copy From    Spell

Help F1    New      OK

### Step 3 - Prepare a purchase bill

Prepare a purchase order for the consignment stock items received. Purchase the consignment inventory at \$0. You do not hold title to the goods so they should not be reflected in the balance sheet.

Purchases - New Item

BILL

Supplier ⇄: Consignor      Terms ⇄: Net 30th after EOM       Tax Inclusive

Ship to ⇄:      Purchase #: 00000001  
 Date: 05/01/2008  
 Supplier Inv#:

Bill	Received	Backorder	Item Number	Description	Price	Disc%	Total	Job	Tax
10	10		⇄C132432	AFL-2005 CD-Rom Consignment	\$0.00				GST
Subtotal:							\$0.00		

The \$0 invoice will place inventory into stock with no value. This will mean that no **Cost of Sales** figure will be generated at the time the goods are sold. We will however be able to track the quantities of consignment stock on hand.

#### Step 4 - Sell the consignment stock

When selling the consignment stock items, use an item sales invoice. Make sure you use the same consignment stock item number.

#### Step 5 - Record a purchase bill

At the end of the month, you should notify the consignor of the stock that you have sold for the month. You should then be issued with a sales invoice from the consignor. Create a service or professional purchase order to record the purchase of the consignment stock.

Note that whilst you could also use a miscellaneous type purchase order, you should take into account that this type cannot be printed.

The screenshot shows a software window titled "Purchases - New Service". At the top left, there is a dropdown menu set to "BILL". The form contains the following fields and data:

- Supplier: Consignor
- Terms: Net 30th after EOM
- Tax Inclusive:
- Ship to: Consignor
- Purchase #: 00000002
- Date: 31/01/2008
- Supplier Inv#: (empty)

Description	Acct#	Amount	Job	Tax
Supply of Software Stock for consignment sales				
5 AFL 2005 CD-Rom	5-2400	\$275.00		GST

Summary fields:

- Subtotal: \$275.00
- Freight: \$0.00
- Tax: \$17.99
- Total Amount: \$275.00

Other fields:

- Comment: (empty)
- Ship Via: (empty)
- Promised Date: (empty)
- Journal Memo: Purchase; Consignor
- Paid Today: \$0.00
- Bill Delivery Status: To be Printed
- Balance Due: \$275.00

Buttons at the bottom: Save as Recurring, Use Recurring, Spell, Help F1, Print, Send To, Journal, Layout, Register, Record, Cancel.

The account number used should be the linked **Cost of Sales Account** set up in the Item Information in Step 2. The **Cost of Sales Account** is used because title passes only once the goods have been sold. As the goods are sold, they should immediately be expensed to the relevant **Cost of Sales Account**.

### **How do I enter opening consignment stock on hand?**

Create a purchase bill as detailed in Step 2. Once again, enter the purchase price at \$0. The date entered on the purchase bill will be the conversion date.

No figure for consignment stock held will appear in the **Balance Sheet**. Consignment stock remains the property of the consignor until time of sale. As a consequence, consignment stock would never be shown as an asset in the consignee's books.

**Please Note:** This method will produce a **cost of sales** figure in the profit and loss statement, but it will not produce a **cost of sales** figure in any of the Analyse Sales reports. Analyse Sales reports obtain their information from the **cost of sales** figure generated when you record a sale. As a \$0 cost of sales figure is being generated at the time of recording, these reports are unavailable. However, the correct cost of sales figure will be produced in the **Profit and Loss** report.