



Consignment Stock In

Description

When a business enters into a Consignment Stock Agreement with a supplier, it is effectively a Loan by the supplier for their customer to acquire and agreed amount of stock that they would normally sell. From time to time, the supplier will ask their customer to pay for stock used out of the agreement amount. This is done at different intervals (eg. weekly, monthly, quarterly), and is usually associated with a visit from the supplier where they do a stock-take and compare the stock on hand with the Consignment Stock Agreement quantities. At that point, the customer must pay for the stock to be replenished to the Agreement quantities.

Process Overview

1. Define GL Liability Account for Consignment Holding
2. Define which Supplier that Consignment Stock is to be acquired from
3. Enter Consignment Stock Receipt to bring into stock
4. Sell stock to customers
5. Replenish stock as required by sales requirements or by reconciliation against original consignment
6. Return Consignment stock that you no longer wish to hold
7. From time to time, show the reconciliation of Consignment Stock GL Account against Stock Holding

Initial Setup

- MSYSEDIT:
 - Set ConsignmentStockIn switch to Y (Megabus will need to do this for you).
- Manage Accounts:
 - Create a GL Liability Account (close to the Creditors Liability) for each supplier that consignment stock is held from.
- Manage Suppliers:
 - For each supplier that consignment stock is held from, link them with their related GL Account created in the step above. This new field is on the Options Tab.

Edit Supplier

BSAL (BRIDGESTONE AUSTRALIA)

Details Options Documents Transactions Last Year Transactions Statistics Notes Au

General

Supplier Group Code: 1 BRIDGESTONE AUSTRALIA

Creditor Code: []

Account Type: Ordinary

Payment Type: Account

Payment Terms Code: []

Alternative Account Code: []

Cons. Stock In Gl. Account: 80100 CONSIGNMENT STOCK IN - BSAL

Initial Receipt of Consignment Stock Holding Quantities

Using Purchase Entry, use "Consignment In Receipt" to record the agreed quantities held. Use the Purchase Price as the Cost amount per unit.

New Transactions

- Supplier Tax Invoice
- Delivery Docket
- Credit Note
- Consignment In Receipt** ←
- Consignment In Return
- Inbox Queue (0)

Parked Transactions

Consignment In Receipt Finalise Park X

Supplier

Supplier * []

Delivery Docket No []

Show Supplier

Line Details + X [] ± \$ [] []

Product	Description
PRODUCT	[]

This transaction creates a Journal Line against each stock item to record the acquisition. The value of the stock is treated as YOUR stock, because you are responsible for it and it's value.

Stock Transaction: Journal Line reflecting acquisition of stock but not really owed to the supplier

Transactions								Opening Balance	0
Date	Our Reference	Their Reference	Subledger	Transaction Type	Subledger Code	Sale Type	Quantity	Balance	Description
24/07/2012	3000013	CS1001	Supplier	Journal	BSAL		12	12	Consignment from BSAL DelDkt:CS1001

Stock Record: Consignment Costs and Quantities are shown on the stock record *Details* tab

Costs	
Normal Cost	173.85
Special Cost	0.00
Supplier List	305.00 Ex
Last Cost	181.82
Average Cost	181.82
Average Claims	0.00
Average Consignment In Cost	181.82

Quantities	
On Hand	4
Reserved	0
On Work Order	0
On Purchase Order	0
On Consignment Out	0
On Consignment In	12
Held On Claims	0
Available Stock	4

GL Transaction:

Transactions								
Date	Our Ref.	Their Ref.	Period	Type	Salesperson	Subledger Code	Amount	Narration
24/07/2012	J000013	CS0001	01	Journal	DS	BSAL	2,181.84 CR B	Consignment from BSAL DelDkt:CSI001
24/07/2012	J000014		01	Journal	DS	BSAL	0.00 B	Consignment stk reval DelDkt:SI001

Journal Details				
Audit Number	Account	Name	Debit	Credit
175	60400	STOCK CONTROL ACCOUNT	2,181.84	
176	80100	CONSIGNMENT STOCK IN - BSAL		2,181.84

Selling Consignment Stock Held

Perform a normal Invoice. As far as Marlin is concerned, it is your stock now. All Consignment Stock In held is treated as your inventory asset, however unlike a normal purchase, the liability is not the Supplier, but the GL Account for Consignment Stock Holding. This amount always represents the amount you have borrowed from the supplier and you are eventually responsible for making sure you always have these in stock regardless of where you buy them from.

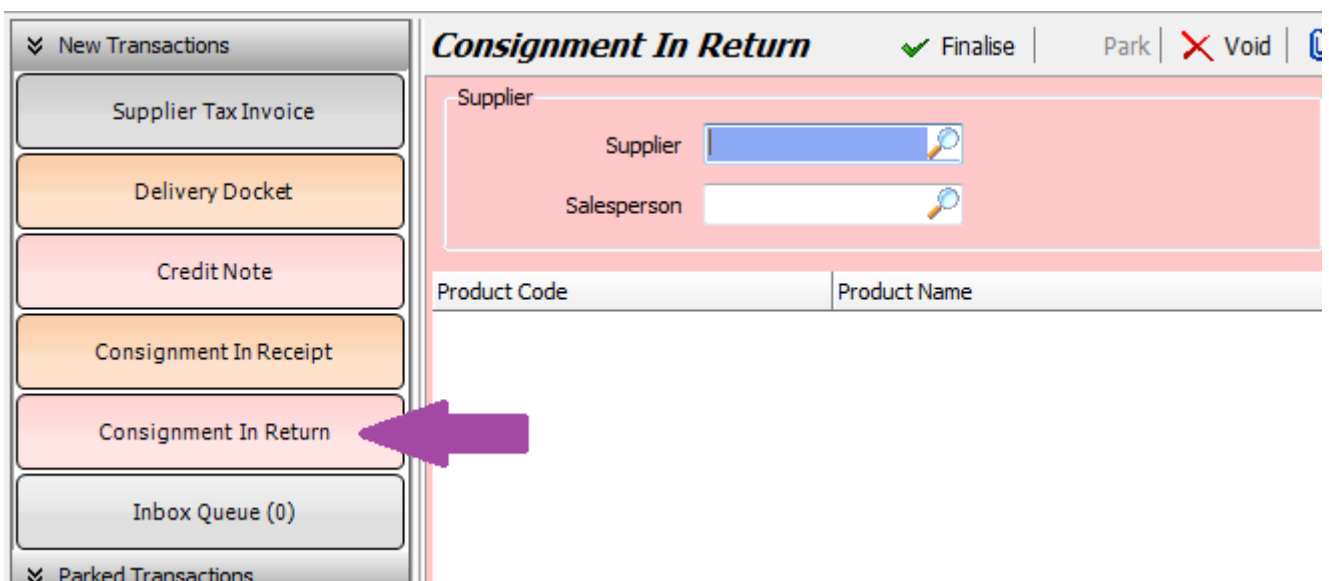
Replenishing Consignment Stock In that has been sold

Perform a normal Delivery Docket or Supplier Tax Invoice. You are obliged to purchase any stock you have sold to bring your consignment holding back to the agreed quantities.

Note: If you replenish consignment stock at a cost different from the Average Consignment Cost, then the cost of your existing consignment stock will be re-valued at the Last Cost value, as that is a better predictor of the cost for when you sell it next. This will be shown as an additional Journal Adjustment line on the Stock Transaction, and will show up in the GL.

Returning Consignment Stock

This is rarely done, but in theory, you could agree to hold less Consignment Stock than was originally agreed and in this case, you would return some of it without having to buy it. A "Consignment In Return" allows you to select which items and the return quantity. This will decrease your stock on hand and the Consignment Liability amount by the current Average Consignment Stock Cost.



The screenshot shows a software interface for creating a 'Consignment In Return' transaction. On the left is a sidebar with 'New Transactions' and 'Parked Transactions' sections. The 'New Transactions' section includes buttons for 'Supplier Tax Invoice', 'Delivery Docket', 'Credit Note', 'Consignment In Receipt', 'Consignment In Return' (highlighted with a purple arrow), and 'Inbox Queue (0)'. The main area is titled 'Consignment In Return' and features a 'Finalise' button with a green checkmark, and 'Park' and 'Void' buttons with a red X. Below the title are input fields for 'Supplier' and 'Salesperson', each with a search icon. At the bottom, there is a table header with columns for 'Product Code' and 'Product Name'.

Consignment Stock In Reconciliation Report

This report can be run whenever required but will typically be needed when the Consignment Supplier's Salesperson visits to check on your consignment stock holdings. It shows the original Consignment Stock Quantities and the current Stock On Hand with a summary of the shortfall if you have sold any.

To run the report, select Reports | Stock Reports | Consignment Stock In Report from the menu toolbar.

Product Code	Description	On Hand Qty	Consignment Qty	Replenish Qty	Average Cost	Replenish Value	Consignment Value
Supplier: Supplier 1							
PROD1	Desc1	4	4	0	\$100	\$0	\$400
PROD2	Desc 2	4	8	4	\$125	\$500	\$1000
Total for Supplier 1		8	12	4		\$500	\$1400
Control Account for Supplier 1 13578							\$1400
Difference							\$0
Supplier: Supplier 1							
PROD3	Desc3	4	4	0	\$100	\$0	\$400
PROD3	Desc 3	4	8	4	\$125	\$500	\$1000
Total for Supplier 2		8	12	4		\$500	\$1400
Control Account for Supplier 2 13579							\$1400
Difference							\$0
Total Consignment In Holding Value							\$2800