Consignment Sales

Costs:

- 1. Unit Cost = CGS
- 2. Freight (Consignor to Consignee) = CGS
- 3. Freight (Consignee to Customers) = Selling Expense

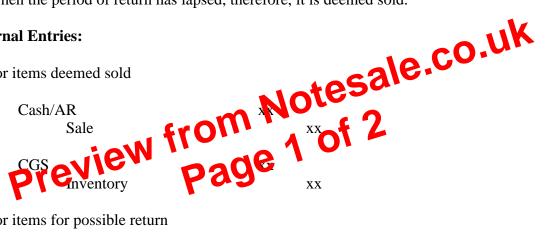
Sale or return – an arrangement whereby a seller entity sends goods to a customer and gives them the option to either approve and retain the goods or return them within an agreed period of time.

Revenue is recognized when:

- 1. There is historical evidence/data present reliable estimate;
- 2. The item was acknowledged by the customer; or
- 3. When the period of return has lapsed, therefore, it is deemed sold.

Journal Entries:

1. For items deemed sold



2. For items for possible return

Cash/AR	XX	
Liab for possible return		XX
Asset for possible return	XX	
Inventory		XX

3. Date of Delivery

Cash/AR	XX	
Sale		XX
Liab for possible return		XX
CGS	XX	
Asset for possible return	XX	
Inventory		XX