

SUBJECT- AUDITING

SH. ASHOK KUMAR
ASSISTANT PROFESSOR
SUB-DIVISIONAL GOVT.
DEGREE COLLEGE, NAUHATTI
DEHRI, ROHTAS-821304
MOB-8544366310

VOUCHING OF GOODS ON SALE OR RETURN BASIS, GOODS SENT ON CONSIGNMENT BASIS

A separate record should be maintained for goods sold on approval basis. It should not be treated as sales unless the customer has sent his approval on or after the expiry of the time limit. On the receipt of approval from customer on expiry of time-limit, sales-invoice will be prepared, a copy of which will be sent to the customer. If the customer informs that the return of goods, necessary arrangement should be made to get-back the goods. The goods sent on sale or return basis should be taken in the closing-stock as stock with customer. The auditor should get a statement from customer that goods are lying with him on approval basis.

* VOUCHING OF GOODS SENT ON CONSIGNMENT BASIS

- The goods sent on consignment basis by the principle to his agent should not be considered as sale.
- Only when such goods are sold by the consignee, entry for sale should be made in the books.

- The goods sent on Consignment basis still lying with the Consignee should be taken into closing-stock.
- A separate book should be maintained to show the record of goods sent on Consignment basis.
- At the end of the year, an account sale is received from Consignee, indicating the goods sold by him and balancing of closing-stock of goods sent on Consignment basis.
- The auditor should verify the goods sent on Consignment-basis from proforma invoices, goods outward register correspondence with Consignee and account sales.