

1. Handling Consignment Sales in QuickBooks

Some retailers allow an outside craftsman or product developer to display their merchandise in their store on a consignment basis, with the store owner getting a percentage of each sale. For example, Academy Computer sells computers, computer accessories and software, but the Company allows individuals to resell video games in their store. In return, they receive twenty-five percent on each sale. You can set up QuickBooks accounts and items to track these types of consignment sales.

Create the List Items you Need

Step 1 Create an income account called Consignment Sales, to track the consignment sales separately from the rest of the products you carry.

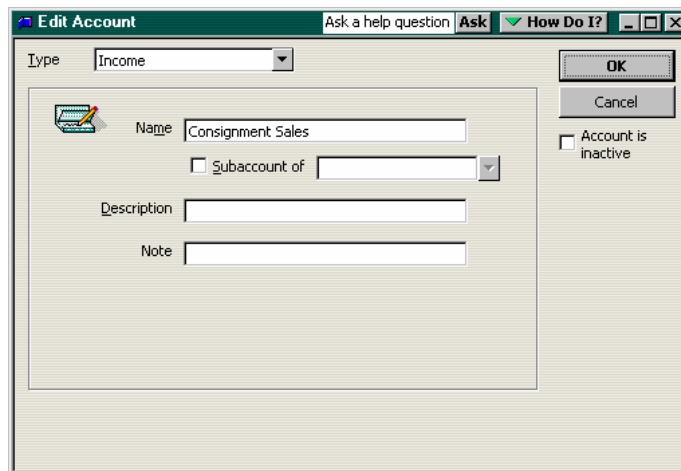


Figure 1-1 Create an income account called Consignment Sales.

Step 2 Create a Cost of Goods Sold account called Consignment Costs, to track the payments to the vendor (e.g. video game owner) whose consignment products you sell.

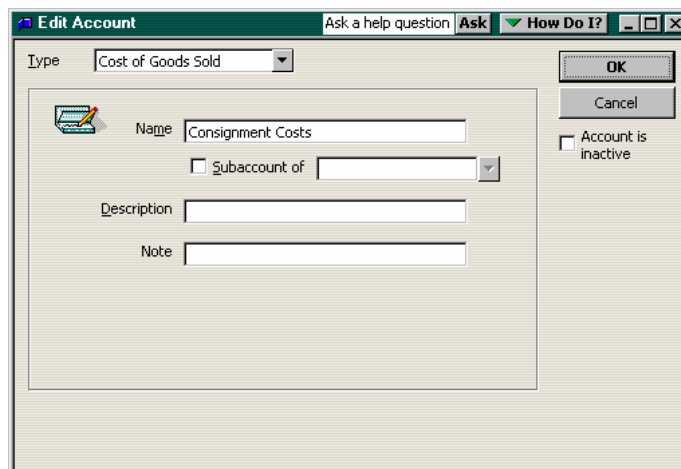


Figure 1-2 Create a COGS account Called Consignment Costs.

Step 3 Setup Non-Inventory Parts for each consignment product (or group of products) you sell. Assign the sale of the item to your Consignment Sales account.

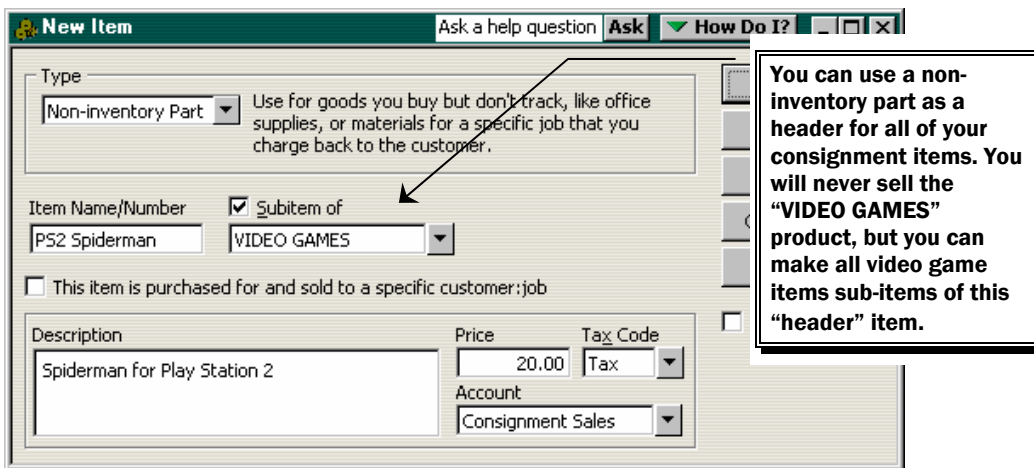


Figure 1-3 Create non-inventory parts for each consignment product you sell.

Step 4 (Optional) Create three custom fields to track your consignment inventory as shown in Figure 1-4. Enter information into these fields for each consignment non-inventory item you stock.

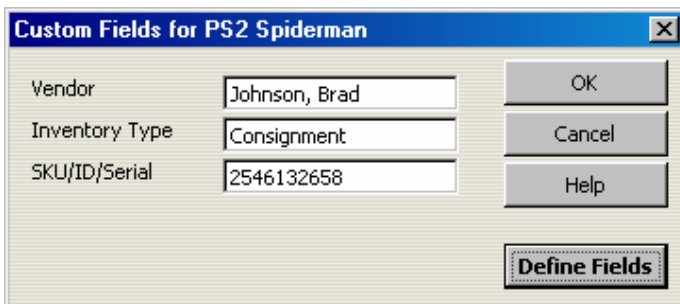


Figure 1-4 Custom Fields for Consignment Parts

Step 5 In your QuickBooks vendor list enter the person whose consignment products you sell.

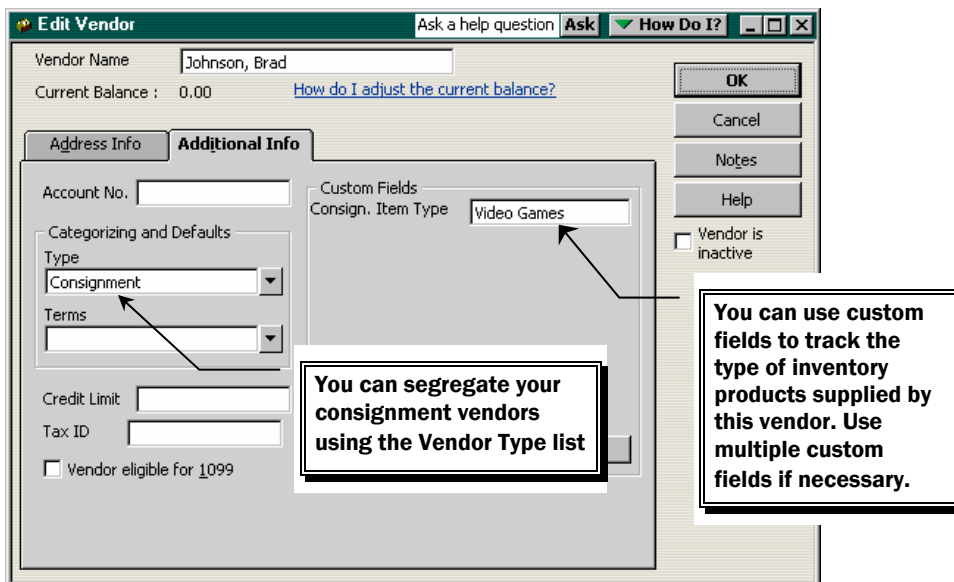


Figure 1-5 Setup a vendor record for each consignment supplier.

Recording Consignment Sales and Paying the Vendor

When you sell a consignment item to a customer, you fill out the sales form as usual. Because of the way you have set up your non-inventory part items, QuickBooks assigns the sale to your Consignment Sales account.

Then, on a periodic basis, you will need to pay the vendor the money you've received from customers, minus your consignment fee.

Follow these steps to pay your vendors for their percentage of the sale:

- Step 1 Create a "Sales by Item Summary Report" that shows the total amount of consignment sales for the current period. From the Reports menu, choose "Sales," then choose "Sales by Item Summary."

Academy Computer				
Sales by Item Summary				
July 1 - 21, 2003				
Jul 1 - 21, 03				
	Qty	Amount	% of Sales	Avg Price
Parts				
Accessories	1	468.00	9.1%	468.00
Software	1	4,651.32	90.6%	4,651.32
VIDEO GAMES				
PS2 Spiderman	1	20.00	0.4%	20.00
Total VIDEO GAMES		<u>20.00</u>	<u>0.4%</u>	
Total Parts		5,139.32	100.1%	
Other Charges				
Over/Short	1	-2.88	-0.1%	-2.88
Total Other Charges		<u>-2.88</u>	<u>-0.1%</u>	
TOTAL		<u>5,136.44</u>	<u>100.0%</u>	

Figure 1-6 Sales by Item Summary with Consignment Sales

(Optional) Filter the report to show only the sales of your consignment items.

- Step 2 On the report buttonbar, click Modify Report.
- Step 3 Select the Filters tab.
- Step 4 In the Filter list, select Item.
- Step 5 From the Item drop-down list, choose Selected items (you may need to scroll up to see it), and then select the items you want included in the report.

Hint: If you can, limit the use of non-inventory parts to consignment inventory only. Then, filter the Sales by Item Summary Report by item for "All Parts." Only the consignment items will show. As an alternative, you can use header items as shown in Figure 1-7 to segregate the consignment inventory on the Sales by Item Summary report.

Academy Computer
Sales by Item Summary
Jul 1 - 21, 03

	Qty	Amount	% of Sales	Avg Price
Parts				
Accessories	1	468.00	9.1%	468.00
Software	1	4,651.32	90.6%	4,651.32
VIDEO GAMES				
PS2 Spiderman	1	20.00	0.4%	20.00
Total VIDEO GAMES		20.0		
Total Parts		5,139.3		
Other Charges				
Over/Short	1	-2.8		
Total Other Charges		-2.8		
TOTAL		5,136.4		

You may want to use a "header" item to group all of your consignment parts together on reports. Here the header is "VIDEO GAMES." You could also create a broader header called "CONSIGNMENT."

Figure 1-7 Sales by Item Summary report with Consignment Sales

Create a custom Item List report.

- Step 1 Click "Modify Report."
- Step 2 Remove all columns except the Item name and description.
- Step 3 Add columns for the "Vendor" and "SKU/ID #" custom item fields.
- Step 4 Memorize the report for future use.

Academy Computer
Consignment Inventory Item List

Item	Description	Vendor	SKU/ID/Serial
VIDEO GAMES:PS2 Spiderman	Spiderman for Play Station 2	Johnson, Brad	2546132658

Figure 1-8 Item List Customized with Consignment Information

- Step 5 Cross reference the Sales by Item Summary report and the Consignment Inventory Item List to determine the vendors you need to pay and the amount of the payment to each vendor.
- Step 6 Write a check to the vendor (e.g. previous video game owner) for the amount of sales minus your consignment fee. Code the check to Consignment Costs.

In the example above, if you receive 25% on each sale, write the check for 75% of the total consignment sales. (The item sold for \$20 so Brad Johnson would receive \$15.00)

Write Checks - Checking Ask a help question Ask How Do I?

Previous Next Print Find Journal

Bank Account: Checking Ending Balance: 1,604.00

Print As: Brad Johnson No. 1002
 Date: 07/31/2003

Pay to the Order of: Johnson, Brad \$ 15.00

Fifteen and 00/100*****

Address: Brad Johnson
 P.O. Box 998
 Oakland, CA 94589

Memo: Consignment Sale - Spiderman for Play Station 2

Be sure to include the item(s) sold on the memo field, or attach a list for the vendor's records.

Expenses \$15.00 Items \$0.00 Online Payment To be printed

Account	Amount	Memo	Customer:Job	Class
Consignment Costs	15.00			

Clear Splits Recalculate **Save & Close** Save & New Clear

[Print checks and deposit slips with a click of your mouse! No special set up.](#)

Figure 1-9 Check to Consignment Vendor