

**HansaWorld University**

**Consignment Stock  
Training Material**

**HansaWorld Ltd.  
Version 6.0  
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## INTRODUCTION

HansaWorld Consignment Stock feature provides the functionality required for companies to track consignment stock. The functionality includes the ability to easily generate sales reports that can be used to inform the supplier of consignment sales and therefore request the related Purchase Invoice.

Consignment Stock is the process where a supplier provides items for sale and the purchase invoice is generated after the sale is made. Therefore it is important to be able to report on consignment sales and notify the supplier in an efficient manner.

There are some specific needs with this process:

- To know what items in stock that are on consignment.
- To be able to identify what consignment items have been sold.
- To be able to report to the supplier regarding the consignment items sold. From this report the supplier can generate the Purchase Invoice.
- At the bookkeeping level be able to identify the liability of the consignment stock on hand.

It is a requirement that all items are either serialised or have batch number tracking.

All companies that can control item per serial number can use this feature e.g.jewellery or computer sales companies.

Benefits of the Consignment stock feature:

- 1) Efficient stock management.
- 2) Easy reporting functionality to identify consignment stock vs owned stock.
- 3) Clear information when ordering the items, if purchased or on consignment.
- 4) Allows for the same item code regardless if consignment or owned stock. Therefore reducing the number of unique items codes required.
- 5) Allows the usage of same locations for consignment and owned stock.
- 6) Easy reporting functionality to inform the supplier regarding the quantity and details of consignment items sold.
- 7) Different accounts, allowing for clear information on the nominal ledger regarding consignment stock and owned stock.
- 8) Accurate cost accounting for both owned and consignment stock items.
- 9) Efficient Deficiency List and Purchase Order suggestion with the inclusion Consignment stock.

## **WORK FLOW, EXAMPLE**

The workflow for using Consignment stock in HansaWorld is very simple.

When creating the Purchase Order to the supplier it is known that the items will be on consignment. Therefore the user simply needs to add this information to each of the respective lines.

The items arrive into our warehouse. The user creates the Goods Receipts and enters the serial numbers. HansaWorld automatically marks these items as consignment stock. The nominal ledger transaction will use the stock account and purchase accrual account from the specific setup for consignment stock.

It is possible to now run a stock list with the following options: all stock in the company, a stock list excluding consignment stock or a stock list only for consignment stock.

Selling the item is done in the normal way. Either scanning serial numbers or just using paste special to select the serial number sold. If at this point the user wants to know which items are on consignment they need to just run a stock list showing serial numbers.

After that, we need to send a report to our supplier with consignment stock items sold. Therefore providing the details for them send the related Purchase Invoice.

When we book the Purchase Invoice specific accounts are used as identified in the consignment settings. This ensures that the nominal ledger always shows correct information about how much we have on consignment stock.

## BACKGROUND INFO AND SETTING IT UP

Before starting using this feature, there are some settings that need to be setup or confirmed. This training material will only discuss the options required specifically for the consignment feature. To get more further information about the settings, registers, and reports mentioned in this material, contact your HansaWorld nearest office or check the manuals on line.

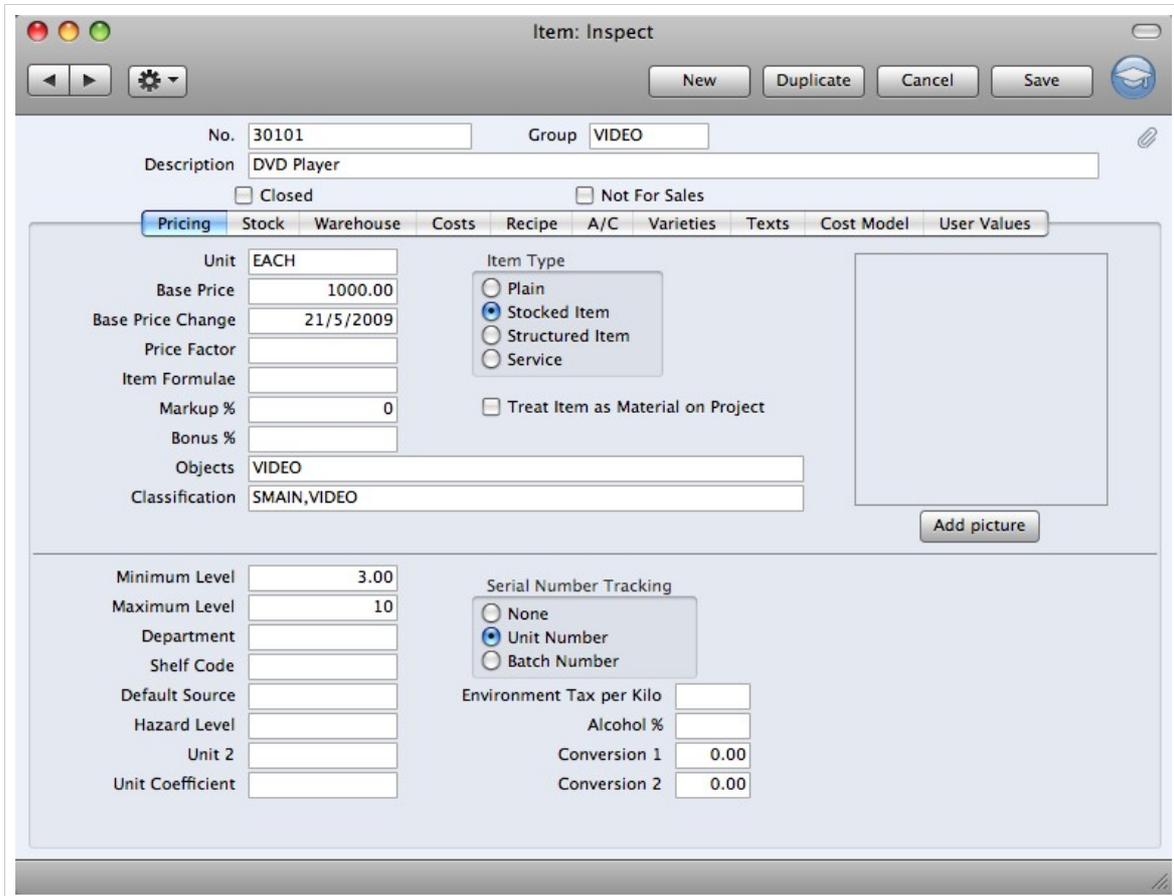
### Item Register

Can be found in several HansaWorld modules, for example in Sales Ledger, Registers, Items.

**Item Type** Set to Stock

#### Serial Number Tracking

Set to Unit Number or Batch Number. Items with type Serial Number must be recorded singularly in Deliveries, Goods Receipts and in any register that updates stock levels. Each row must have a quantity of one and include the unique Serial number. With Batch Number it is not needed to record them singularly. A batch number must be specified.



The screenshot shows the 'Item: Inspect' window with the following details:

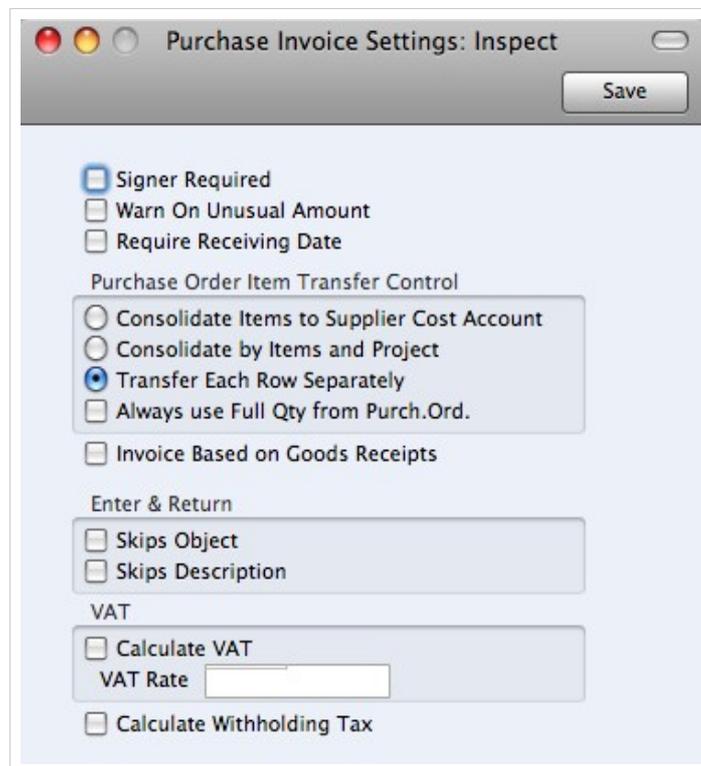
- Item Info:** No. 30101, Group VIDEO, Description DVD Player, Closed checkbox, Not For Sales checkbox.
- Navigation:** Pricing (selected), Stock, Warehouse, Costs, Recipe, A/C, Varieties, Texts, Cost Model, User Values.
- Unit & Pricing:** Unit EACH, Base Price 1000.00, Base Price Change 21/5/2009, Price Factor, Item Formulae, Markup % 0, Bonus %, Objects VIDEO, Classification SMAIN,VIDEO.
- Item Type:** Plain,  Stocked Item, Structured Item, Service. Treat Item as Material on Project checkbox.
- Serial Number Tracking:** None,  Unit Number, Batch Number.
- Inventory & Tax:** Minimum Level 3.00, Maximum Level 10, Department, Shelf Code, Default Source, Hazard Level, Unit 2, Unit Coefficient, Environment Tax per Kilo, Alcohol %, Conversion 1 0.00, Conversion 2 0.00.

## Purchase Invoice Settings

Can be found in Purchase Ledger module, Settings, Purchase invoice Settings.

### **Transfer Each Row Separately** Set to on

This option ensures that each Item (in each row) will have its own row on the invoice. This also enables the postings to different Cost Accounts. The Purchase Control account for consignment stock items will be taken from Account Usage Stock setting>> Consignment Pur. Accruals field.



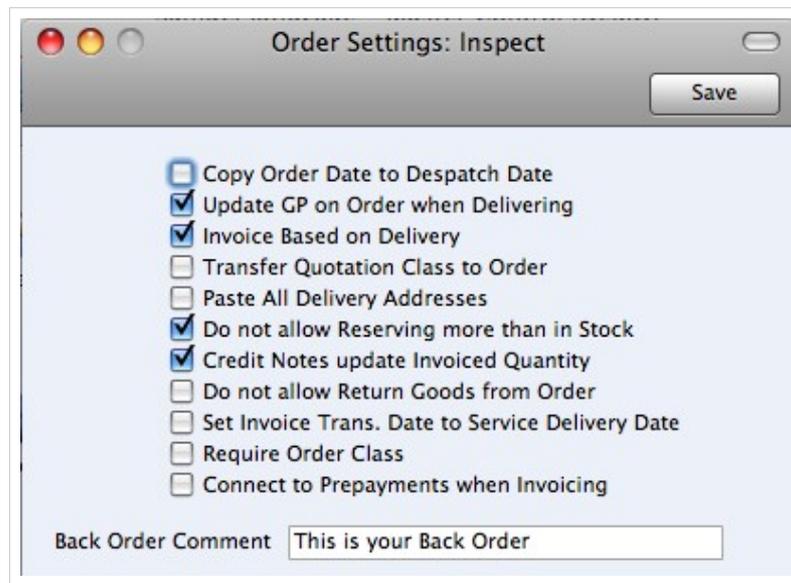
## Order Settings

Can be found in Sales Order module, Settings, Order Settings.

### **Invoice Based on Delivery** Set to on

This ensures that the sales invoice mirrors the delivery. That is one invoice row per delivered item. Each row will require that the serial or batch number of the sold item is entered on the row.

This option applies to Invoices created from Orders using the "Create Invoice" function from Operations menu and to Invoices created from Orders using the "Group Invoicing" and "Invoice Delivered Orders" maintenance functions. With this option on it is not possible to use "Invoices before delivery" feature.



## Account Usage Stock

Is located in the Stock module, Settings, Account Usage Stock.

This setting allows you to determine the Accounts that will be used as defaults in your stock transactions. Take care to ensure that the accounts that you specify here exist in the Account register. In each case you can use the "Paste Special" function (Ctrl-Enter or Apple-Enter) to help you to choose the correct account.

### Consignment Stock

The stock control Account for Consignment Stock. If you are maintaining stock values in the Nominal Ledger ("Cost Accounting"), this Account will be debited when Goods are received into Stock and credited upon Invoice or Delivery. When using Consignment Stock, Stock accounts in Item Groups or Locations are ignored.

### Consignment Pur.Accruals

The accrual Account used to book Goods Received before a Purchase Invoice has been received and booked. It is credited when records in the Goods Receipt register in the stock module are approved and debited when Purchase Invoice created from Goods Receipt is approved.

### Ret. Goods to Supplier A/C from Goods Receipt

Working with Consignment Stock this check box should be off.

When off the Returned Goods to Supplier will debit the account specified in Ret. Goods To Supplier within this same setting.

The moment for return good can be while the item is still on consignment, or can be after we received the Purchase Invoice, not in consignment anymore. In both cases, the account debited will be same. For bookkeeping purposes, this account must be reconciled and balanced with manual Nominal Ledger transaction.

The details for Nominal Ledger transaction are described in the Return Goods to Supplier section.

Account Usage Stock: Inspect Save

Stock   
  Purchase Cost   
  Variances

Stock	740	Production I-cost	
Stock Gain	140	Production W-cost	
Stock Loss	230	Discarded Prod. Cost	
Dom. Cost A/C	240	Returned Goods	240
EU Cost A/C	241	Ret. Goods to Suppliers	810
Export Cost A/C	242	<input type="checkbox"/> Ret. Goods to Supplier A/C from Goods Receipt	
Stock Transfer		Consignment Stock	741

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Dom. Purchase Accruals	820	Extra Cost 1 Accrual	811
EU Purchase Accruals	821	Extra Cost 2 Accrual	812
Import Purchase Accruals	822	Extra Cost 3 Accrual	813
Freight Accrual	816	Extra Cost 4 Accrual	814
Customs Accrual	817	Extra Cost 5 Accrual	815
Extra Cost		Consignment Pur. Accruals	823
		BuyBack Accrual	

## STARTING WORK

Once the setup is complete we can start working. In this training material we will follow the workflow as described.

### Ordering Items: Purchase Order

The process starts with the raising of the Purchase Order.

In the module Purchase Order, Register, Purchase Orders, create a new Purchase Order. Fill in the Purchase Order as per usual: enter supplier code, dates, items, quantities, prices and any other required details. Save the Purchase Order.

Alternatively, the Purchase Orders might have been created by one of the Maintenance routines available in HansaWorld such as: "Create Planned Records" or "Create Purchase Orders".

**Purchase Order: Inspect**

No. 9 Name Against All Odds Trading Co  
 Supplier 001 Signers SJ  
 Closed  Price Incl VAT

Buttons: New Duplicate Cancel Save

Trans. Date 18/5/2009 Plan. Del. 21/5/2009 Pur. Ref.  
 Pay. Terms 30 P/Order Class Attn. Joseph Conrad  
 Our Ref Samuel Jaffacake Objects

Item	Qty	Description	Stock Type	Plan. Del.	Comment
1	5	DVD Player	Consignment		
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					

Currency GBP Freight 0 Customs 0 Subtotal 4282.50  
 OK Pallets Ext. Tax VAT 749.44 TOTAL 5031.94

Once this is done navigate to Flip D and in the field "Stock type" paste special to select "Consignment". When a Purchase Order is created this field by default is set to "Purchase". Therefore this must be changed on each row. Is possible to have Purchase Orders with Purchase Rows and Consignment Rows.

You can now send the Purchase Order to the supplier.



**IMPORTANT...**

Don't forget; before oking the Purchase Order ensure all the rows with Stock type Consignment are properly marked. This cannot be changed in the Goods Receipt.

**Receiving Item into Stock: Goods Receipts**

To receive the Goods into stock we use the standard process.

From Purchase Order, select Operations, Create Goods Receipt. HansaWorld automatically sets the consignment rows in the Goods Receipt. If any of the items have serial number control set per Unit, the Goods Receipt will be generated with a single row per unit. The serial number must be entered on each row with Consignment Item on Flip B.

If you check Flip E each row is marked with Stock Type Consignment. This is set according to the related Purchase Order Row. It is not possible to update the Stock Type on the Goods Receipts to different Type from Purchase Order. Therefore ensure this information is correct when creating the Purchase Order. Note that the stock account and Purchase accrual account used are those in the Consignment Fields in the setting "Account Usage Stock".

**Goods Receipt: Inspect**

No. 10      Trans. Date 21/5/2009  
 Sup. No. 001      Name Against All Odds Trading Co  
 Pur. Order No. 9      Location WHS

Comment    Items    Currency    Extra Costs    Freight

Comment  
 Objects      PO Contract       Price Incl VAT

Item	Qty	Description	Stock Type	Stock A/C	Purch. A/C	Objects
1 30101	1	DVD Player	Consignment	741	823	VIDEO
2 30101	1	DVD Player	Consignment	741	823	VIDEO
3 30101	1	DVD Player	Consignment	741	823	VIDEO
4 30101	1	DVD Player	Consignment	741	823	VIDEO
5 30101	1	DVD Player	Consignment	741	823	VIDEO
6						
7						
8						
9						
10						
11						
12						
13						

OK    Qty 5    Freight 0    Customs 0    Cost Price 4282.50  
 Ext. Tax 0.00    Subtotal 4282.5    VAT 749.44    Total 5031.94

Approve (Ok) the Goods Receipt.

The Nominal Ledger transaction will look like:

Debit Consignment Stock Account from "Account Usage Stock".

Credit Consignment Pur.Accruals account from "Account Usage Stock"

If extra cost exists in the Goods Receipt (for example, Freight, Customs) these will be posted to the normal accounts.

The Costing of the items will be calculated as specified in the Cost Accounting Model. For example the Cost Model Weighted Average. The first unit is purchased at 100 a second unit is purchased at 110. These units are purchased on consignment. As each unit is sold the cost will be 105.

It is possible to create a Goods Receipt for Consignment Stock without creating the Purchase Order. Note, however, that won't be possible to create a Return Goods to Supplier for this item.

From Stock module select Goods Receipt register, enter the required information, such as Date, Location, Supplier number, Item code, serial number. Go to flip E and change Stock Type to Consignment. The Nominal Ledger transaction will look like the previous one.

## **Selling Items: Sales Order, Delivery and Sales Invoice**

The Sales Process is completed in the standard way without any special procedures.

Creates the Sales Order: enter customer, item, quantity, price and any other required details.

Create the Delivery from the Sales Order's Operations Menu or from maintenance "Create Deliveries from Orders" available in the Sales Order module.

In the Delivery register we need to enter the serial number. The "Paste Special" function will show the available serial numbers for the item in the specified location. Ok the Delivery and Create the Sales Invoice.

Is also possible to create normal Sales Invoices that update Stock or a Sales Invoice with Touch Screen interface. The second is very common in a retail environment.

The Nominal Ledger transaction regarding cost of Sales will be like:

Debit – Cost of Sales Account as per normal rules.

Credit – Consignment Stock from "Account Usage Stock"



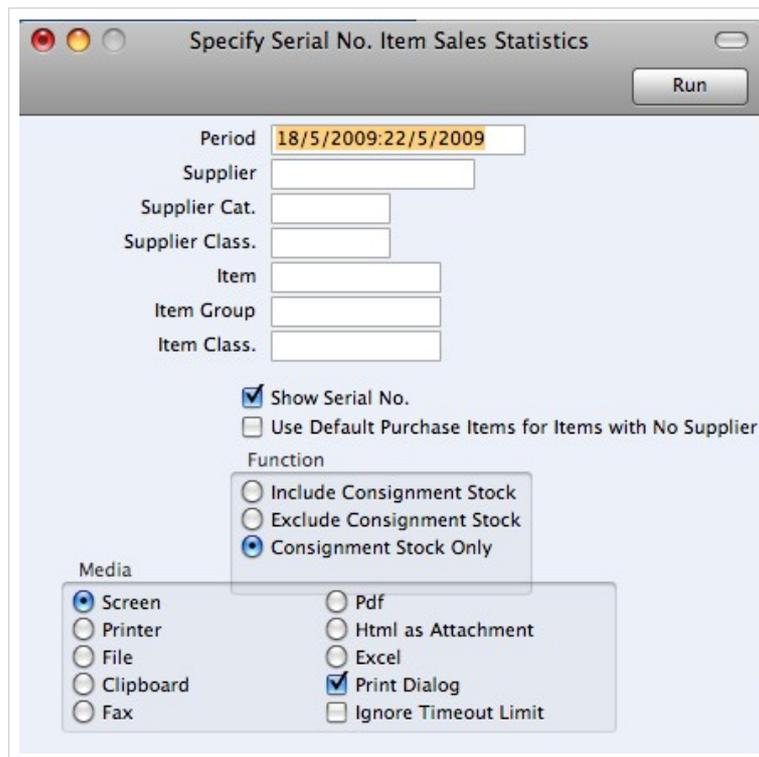
**DID YOU KNOW THAT...**

...If you have an item that includes purchased and consignment stock, you can run a stock list showing serial number and you can select which ones you want to deliver first!

**Reporting Sales to our Supplier: Serial Number Item Sales Statistics**

After the sale is completed we need to inform the supplier to provide a Purchase Invoice for the consignment stock. This is usually done on a weekly basis.

In Sales Ledger module, Reports, Select "Serial No. Item Sales Statistics".



**Period** Select the period for the report. Only items during the specified period will be listed.

**Supplier** If a supplier is specified the report will list only the items sold from this supplier during the specified period.

**Supplier Category**  
If a Supplier Category is specified and Supplier field is blank the report will list all items sold during the

specified period for all suppliers that belong to that Category.

### **Supplier Classification**

Complex classification entry supported. If a Supplier Classification is specified and Supplier field is blank the report will list all items sold during the specified period for all suppliers that belong to that Classification.

**Item** If an item is specified the report will list only the item sold during the specified period.

**Item Group** If an item group is specified the report will list only the items belonging to this Item Group sold during the period specified. If Item Group is blank and Item is blank the report will list all items sold in the specified period.

### **Item Classification**

Complex classification entry supported. Enter a Classification Code in this field if you want to list Items with a certain Classification. If the field is empty, all items, with and without Classification, are included. If you enter a number of Classifications separated by commas, only those Items featuring all the Classifications listed will be shown. If you enter a number of Classifications separated by plus signs (+), all Items featuring at least one of the Classifications listed will be shown. If you enter a Classification preceded by an exclamation mark (!), all items featuring any Classification except the one listed will be shown.

For example:

**1,2**

List Items with Classifications 1 and 2 (including Items with Classifications 1,2 and 3)

**1+2**

List Items with Classifications 1 or 2.

**!2**

List all Items except those with Classification 2.

**1,!2**

Lists Item with Classification 1 but excludes those with Classification 2 (1.e. Item with Classifications 1 and 2 are not shown). Note the comma before the exclamation mark in this example.

**!1,!2**

Lists all Items except those with Classification 1 or 2 or both. Again, note the comma.

**!(1,2)**

List all Items except those with Classifications 1 and 2 (Items with Classifications 1,2 and 3 will not be listed)

**!1+2**

List Item without Classification 1 and those with Classification 2 (Items with Classifications 1 and 2 will be listed)

**(1,2)+(3,4)**

List Items with Classifications 1 and 2, and those with Classifications 3 and 4.

**Show Serial No. (Check Box)**

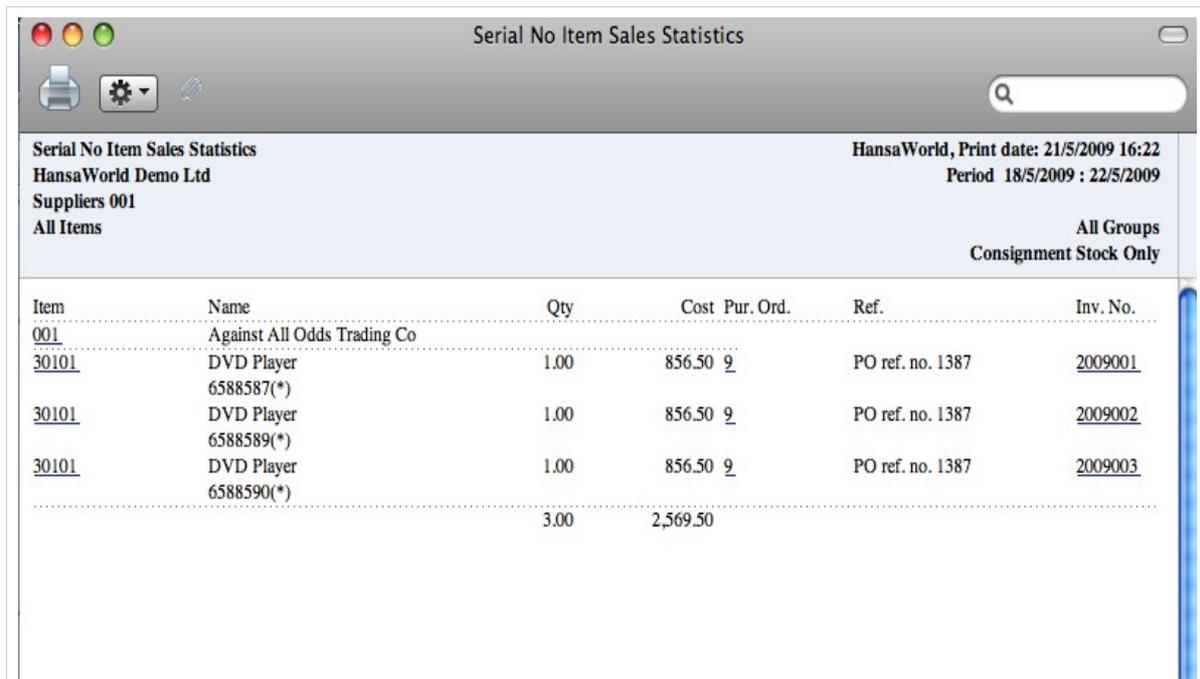
If this option is selected, serial numbers are shown in the report. For Consignment stock the report will have an asterisk (\*) in front of serial number.

**Function (Radiobutton)**

It is possible to select from 3 options: "Include Consignment Stock", "Exclude Consignment Stock" or "Consignment Stock only".

**Use Default Purchase Items for Items with No Supplier (Check Box)**

If this option is selected and there are Items with serial number track sold during the period specified and if supplier is not found (for example, items that came into stock with positive stock adjustment in Goods Receipt), then these Items are shown in a section called Items with no Supplier. If this checkbox is selected, then running the report finds the default purchase item to include in the report.



Item	Name	Qty	Cost Pur. Ord.	Ref.	Inv. No.
001	Against All Odds Trading Co				
30101	DVD Player 6588587(*)	1.00	856.50 9	PO ref. no. 1387	2009001
30101	DVD Player 6588589(*)	1.00	856.50 9	PO ref. no. 1387	2009002
30101	DVD Player 6588590(*)	1.00	856.50 9	PO ref. no. 1387	2009003
		3.00	2,569.50		

## **Purchase Invoice: Goods Receipt>>Create Purchase Invoice**

Once we send information to the supplier the supplier will send the Purchase Invoice. The Purchase Invoice must be created from the Goods Receipt.

Go to Stock Module, Select the Goods Receipt, and from Operations menu, select create Purchase Invoice.

The created Purchase Invoice will include all rows that have not been invoiced. It is important to delete the lines that are not yet invoiceable. This information is in the previous report. Alternatively the information is available on purchase invoice received from the supplier

The serial number on the Purchase Invoice can be verified on Flip D.

The Nominal Ledger Transaction will look like (VAT 0%):

Debit – Consignment Pur. Accrual Account from "Account Usage Stock"

Credit – Creditors account

When working with consignment stock, the usual is to receive the Purchase Invoice after the item was sold, has described above, but might happen occasionally, that we receive the Purchase Invoice before the item was sold, so, still in stock. In that case the Nominal Ledger Transaction will look like that (VAT 0%):

Credit – Creditors Account

Debit - Consignment Pur. Accrual Account from "Account Usage Stock"

Credit – Consignment Stock Account from "Account Usage Stock"

Debit – Stock Account from "Account Usage Stock"

Selling this item after the entry of the Purchase Invoice, Cost of Sales and Stock Account used on Nominal Ledger transaction will use the correct accounts, as for normal stock and not the consignment stock accounts.

## **Return Goods to Suppliers**

To create a Return Goods to supplier, select Goods Receipt, and from Operations menu, select "Create Return". Delete the Items that are not to be returned. Ok.

The Nominal Ledger Transaction will look differently regarding when this Return Goods was created:

Case 1 – Return Good to Supplier was created before we got the Purchase Invoice

Debit – Returned Goods Accruals from Account Usage Stock

Credit – Consignment Stock Valuation from Account Usage Stock

Note that with the goods receipt the account credited was Consignment Purchase Accruals from "Account Usage Stock". Both accounts need to be reconciled and balanced. Can be done by correcting the Nominal Ledger transaction from Return Goods to Supplier or by creating a manual Nominal Ledger transaction.

Case 2 – Return Good to Supplier was created after we got the Purchase Invoice

Debit – Returned Goods Accruals from Account Usage Stock

Credit – Stock Valuation from Account Usage Stock

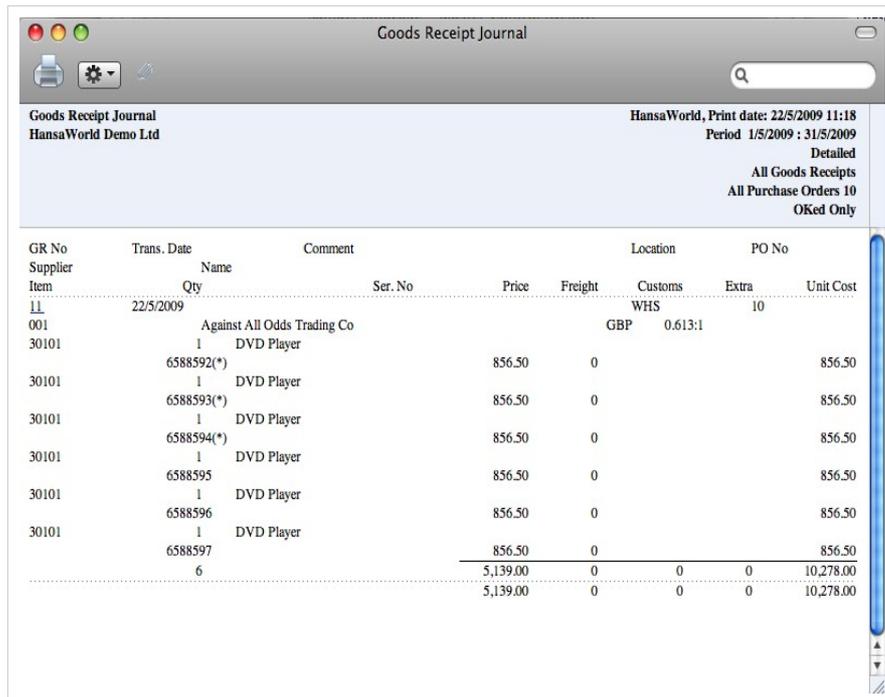
## Reports for Consignment Stock

There are some reports available in the Stock module that provide for stock control. These reports provide the options to report and print on owned stock separately from consignment stock.

### Goods Receipt Journal

This report shows Goods Receipts from the Goods Receipt Register.

In the specify window there are the options to "Include Consignment Stock", "Exclude Consignment Stock" or "Consignment Stock Only". The Report layout when detailed has been selected includes an asterisk (\*) in front of the serial number when the item is consignment stock. This ensures that where a Goods Receipt has purchased Items and consignment items it is possible to easily identify each. Refer to the example below.



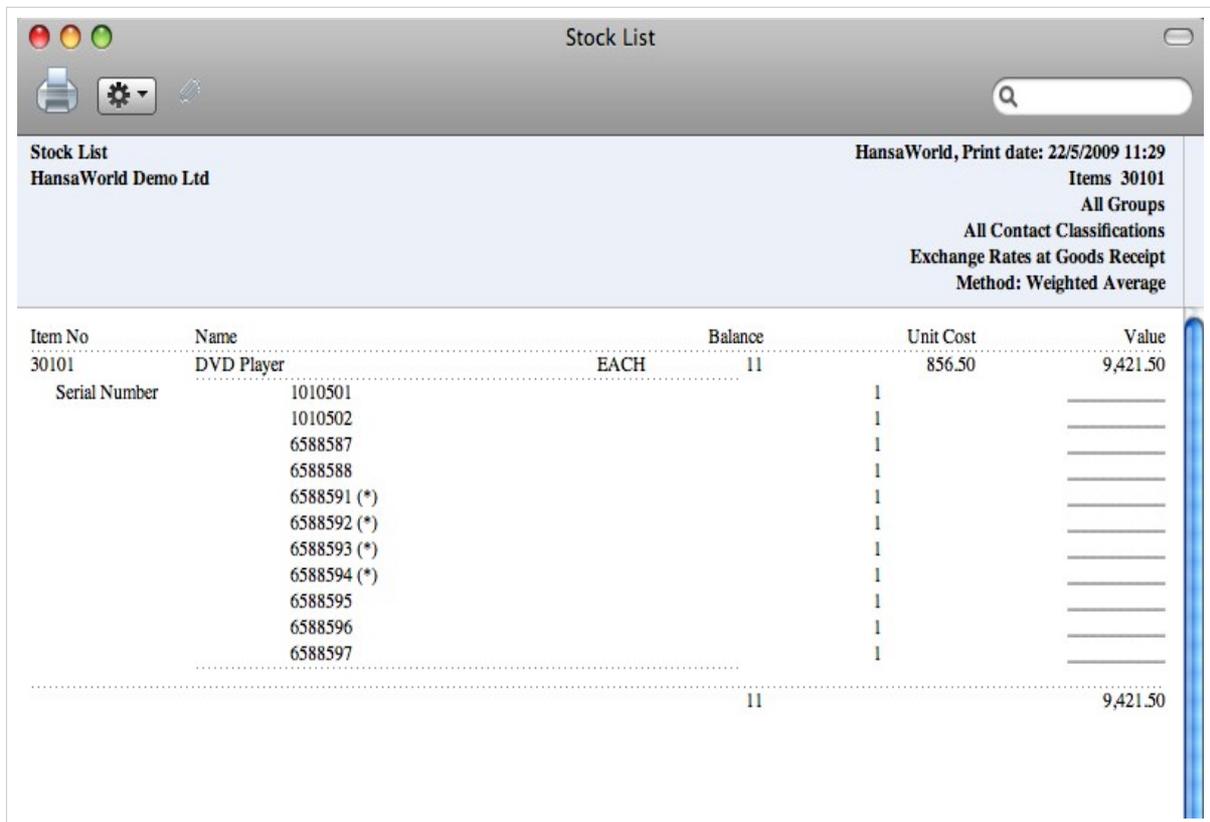
GR No	Supplier	Trans. Date	Name	Comment	Ser. No	Price	Freight	Location	Customs	Extra	PO No	Unit Cost
11		22/5/2009						WHS		10		
001			Against All Odds Trading Co					GBP	0.613:1			
30101			1 DVD Player			856.50	0					856.50
			6588592(*)			856.50	0					856.50
30101			1 DVD Player			856.50	0					856.50
			6588593(*)			856.50	0					856.50
30101			1 DVD Player			856.50	0					856.50
			6588594(*)			856.50	0					856.50
30101			1 DVD Player			856.50	0					856.50
			6588595			856.50	0					856.50
30101			1 DVD Player			856.50	0					856.50
			6588596			856.50	0					856.50
30101			1 DVD Player			856.50	0					856.50
			6588597			856.50	0					856.50
			6			5,139.00	0	0	0	0		10,278.00
						5,139.00	0	0	0	0		10,278.00

### Stock List

This report shows the stock situation and balances for all selected Items and stock Locations. Various stock valuation models are available for calculating stock values. Be careful when comparing the results of this report with the balance on the Stock Account in the Nominal Ledger. The latter may be based on a different stock valuation to that selected in this report.

This report also has a function that allows to select "Include Consignment Stock", "Exclude Consignment Stock" or "Consignment Stock Only". Depending on what you want to analyze select the required function.

In the example below, we select Include Consignment Stock and the option "Show Serial Numbers". We can see clearly the items that are Consignment Stock have an asterisk (\*) in front of serial number.



Item No	Name	Unit	Balance	Unit Cost	Value
30101	DVD Player	EACH	11	856.50	9,421.50
Serial Number	1010501			1	_____
	1010502			1	_____
	6588587			1	_____
	6588588			1	_____
	6588591 (*)			1	_____
	6588592 (*)			1	_____
	6588593 (*)			1	_____
	6588594 (*)			1	_____
	6588595			1	_____
	6588596			1	_____
	6588597			1	_____
			11		9,421.50

Another example: We want to know what do we have in stock on consignment. Run the stock list report and select the option "Consignment Stock only". It is possible to compare with the value booked in the respective account.

## QUESTIONS

1. What does Consignment Stock mean?
2. For what item types do we support consignment stock feature?
3. Is it possible to set in the Goods Receipt register the items that we will receive on consignment and the ones on purchase?
4. What cost model will be applied to consignment stock items?
5. When oking a Goods Receipt, from where will HansaWorld pick up the accounts for Nominal Ledger transaction?
6. When items on consignment stock are sold how can the supplier be notified of which items were sold?
7. From which register can we create a Purchase Invoice for consignment items?
8. We run a Stock List with the option "Show Serial number" on. How do we know if a specific serial number is or is not on consignment?
9. The "Purchase Order Suggestion" report shows what we need to order according to the stock data in the system. Does it include consignment stock items?
10. The Accounting department needs to confirm the value in the consignment stock account. Which report and options in specify window should we use?