**Question 5**

On 1 May 2023, Ong consigned 100 cases of electrical products having a total manufactured cost of RM 12,000 to his agent, Yu Enterprise with a pro-forma invoice value of RM 20,000. He paid freight and insurance of RM 450 on the same day.

Yu Enterprise is authorised to sell the products for the best price over RM 160 per case, and preferably for RM 200 per case as indicated on the pro-forma invoice. There was an agreement between them that Yu Enterprise was entitled to a commission of 4% on gross sales.

On 5 May 2023, Yu Enterprise duly accepted (one-month sight bill drawn) on him for RM 5,000. The bill was then discounted at a charge of RM 100; the discounting charges was not to be regarded as an expense of the consignment.

On receiving the goods on 10 May 2023, Yu Enterprise immediately returned 5 cases of goods which were of wrong specification.

The reporting period of Ong ended on 30 June 2023 and on that date the agent indicated the following:

|  |  |
| --- | --- |
|  | RM |
| —— Sales proceeds (RM 180 per case) | ? |
| —— Unsold inventory at cost price (20 cases) | 2,400 |
| —— Expenses incurred: Landing charges | 570 |
| Warehouse rental | 380 |
| Carriage outwards | 285 |
| Selling expenses | 400 |

—— Unable to collect the sale proceeds of a case due to insolvency of consignment debtor.

Yu Enterprise had received RM 10,320 from other consignment trade receivables

A bank draft was enclosed for the amount due to Ong.

**You are required to prepare:**

1. In the books of consignor:
   1. Consignment;
   2. Bills Receivable.

(Details of your workings for closing inventory on consignment should be clearly shown)

1. Consignor - Ong in the books of consignee.