

5.2. TRANSPORT ON SALES(account 612)

It is the total cost incurred on transport by the supplier for goods to reach the market or customers' destination. There are two cases:

1ST CASE: The supplier has a means (delivery van) to transport the goods to the customer's premises.

In this case , the supplier uses his own vehicle and the only expenses will be the driver's salary, fuel and maintenance of the vehicle, these expenses are recorded in the various expenses account , such as salary account, fuel account. The account of transport will not be recorded.

2ND CASE: The supplier does not have a means (delivery van),to transport the goods to the customer's premises.

Here , he then contact or pay a transporter to transport the goods. The amount paid is debited in account 612, 4453 and credit the means of payment (571,521).

Example : On the 25/10 /2019, Asongwe enterprise sold goods for 3,000,000frs to enterprise willy. Trade discount 5%, cash discount 4% , transport cost for goods to reach the market 100,000frs VAT 19.25%. Work required: present the sales invoice and do the accounting recording.

Solution:

Sales invoice to the customer

Description	Amount
Gross amount	3,000,000
Trade discount 5% x 3,000,000	(150,000)
Commercial net	2,850,000
Cash discount 4% x 2,850,000	(114,000)
Financial net	2,736,000
VAT 19.25% x2,736,000	+526,680
Net payable	3,262,680

An invoice from the transporter

Description	Amount
Gross amount	100,000
VAT 19.25% X100,000	19,250
Net payable	119,250

It should be noted that transport expenses will not appear on the sales invoice because the customer is not charged to pay for the transportation. The seller takes responsibility of the expenses and consider it as after sales services, which will be added to the cost price to have the cost of goods sold.

Accounting recording

	25/10/2019	
Dr -612-transport on sales	100,000	
Dr -4453-VAT recoverable on transport	19,250	
Cr –Head office cash		119,250
Being transport expenses on sales of goods		
_____ do _____		
Dr -571-Head office cash	3,262,680	
Dr -673-discount granted	114,000	
Cr -701-sales of goods		2,850,000
Cr -4431-VAT invoice on sales		526,680
Being sales invoice by cash		

5.3.TRANSPORT EXPENSES CARRIED OUT BY THE SUPPLIER ON THE CUSTOMER’S BEHALF.

There are two cases:

1st case: when the supplier uses his own means (vehicle)

Here , the supplier uses his delivery van to transport the goods and charged the customer to pay for the transportation. The supplier credit account 707 accessory income.

Example : On the 15/10/2019, willy enterprise sold goods to Ndi BOB belly enterprise, gross amount 1,500,000frs,trade discount 5% and 2%,transport invoiced 180,500frs(uses his own means) VAT 19.25% , gross profit on sales 20%.

Work required:

- a) Determine the gross profit and cost of goods sold
- b) Do the accounting recording in the supplier's book

Solution :

a) presentation of sales invoice

Gross amount	1,500,000
1 st trade discount 5% x 1,500,000	(75,000)
1 st commercial net	1,425,000
2 nd trade discount 2% x 1,425,000	(28,500)
2 nd commercial net	1,396,500
Transport invoiced	+180,500
VAT 19.25% x (1,396,500+180,500)	+303,572.5
Net payable	1,880,572,5

Calculation of the cost of goods sold

Selling price	1,500,000
Gross price 20% x 1,500,000	= 300,000
Cost of goods sold: 1,500,000 – 300,000	=1,200,000.

b. Accounting recording

_____ 15/10/2019 _____		
Dr -6031-stock of goods variation	1,200,000	
Cr -311-stock goods		1,200,000
Being exit of stock		
_____ do _____		
Dr -411-customers	1,880,572.5	
Cr -701-sales of goods		1,396,500
Cr -707-accessory income		180,500
Cr –VAT invoiced on sales		303,572.5
Being sales of goods on credit		

Assignment : On the 20/10/2019,KELVIN enterprise sold goods to ASONG , gross amount 3,800,000frs, rebate 6%,cash discount 2% , trade discount 4%, carriage invoice 120,000frs, VAT 19.25%.Gross profit on sales 10%.

Work required: Do the accounting recording.

END....