



LABHYANSH
ACCOUNTING SIMPLIFIED

Process: Replacement of Sold Goods

Process for Replacement of Goods against Damaged Units

Company receive request for replacement of goods against damaged units from customers. The damaged unit get replaced with the new unit and for the same replacement cost is charged from the Customer. Process for such transaction:

A. SALE OF GOODS:

1. Customer orders Online/Offline for purchase of Good and makes the payment thereof.
2. Invoice generated is automated in case of online purchase & in case of offline sale, invoice is generated post confirmation of payment receipt from customer.
3. Request raised to warehouse for issue of goods against individual customer order.
4. Warehouse team post non-returnable gate pass in Inventory ERP and handover goods to dispatch Team. Dispatch team make it ready and dispatch to customer.

B. REPLACEMENT OF GOOD:

OPTION-I: Transaction as Sales Return of damaged Good and Sale of New Good

1. Customer online give request for replacement of damaged good & provides Serial Number, Invoice details, etc.
2. System to validate informations provided by customer and to trace details of good sold & details of Sale transaction.
3. Post validation of/and detailed information of the transaction, a Credit Note need to be raised from system to customer for good returned.

The amount of credit note need to calculated taking into consideration-

- a. Amount of invoice initially raised to customer,
 - b. **Less:** amount to be collected from customer for replacement of damaged good. For Instance, good is initially sold at Rs. 10,000 including GST, and now we need to collect Rs. 6,000/- for replacement of good, thus Credit Note should be raised for Rs. 4,000/-.
 - c. **ADD:** Where initial sale transaction is older than 6 months, the amount of GST which is reversed in Credit Note need to be charged from customer. As benefit of GST reversal on such Sales Return Transaction is not available.
4. Raise new invoice for replaced good to customer with amount of initial sale invoice. Invoice to mention serial number of good issued and it is like a fresh sale of good.
 5. Customer need to make payment equal to new Sale Invoice amount **less** amount of Credit Note.
 6. Payment made by customer online and received by Company.

7. Damaged unit received at warehouse. Warehouse need to take following action –
 - a. Take damaged good return as Sales Return with Return NRGP
 - b. Issue fresh good as sale of goods with new NRGP.
8. Warehouse team handover goods to dispatch Team. Dispatch team make it ready and dispatch to customer.

OPTION-II: Replacement as altogether new transaction

1. Customer online give request for replacement of damaged good & provides Serial Number, Invoice details, etc.
2. System to validate informations provided by customer and to trace details of good sold & details of Sale transaction.
3. Post validation of/and detailed information of the transaction, an invoice to be raised for amount of consideration charged from customer for replacement of damaged good. The Invoice may be created as *“Replacement for Damaged Good”* & information of both returned and new good should be mentioned on Invoice. Invoice also to have detail of initial sale transaction such as invoice number & date.

The GST as applicable on such transaction to be borne by the customer.

4. Customer need to make payment for replacement cost *plus* applicable GST.
5. Payment made by customer online and received by Company.
6. Damaged unit received at warehouse. Warehouse need to take following action –
 - a. Issue new good against **Returnable Gate Pass (RGP)**.
 - b. At the same time, take damaged good return into stock against **RGP** document.

Thus RGP instantly gets closed and store records get updated with bar code informations.

7. Warehouse team to handover fresh goods to dispatch Team. Dispatch team make it ready and dispatch to customer.

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