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Subject:-Financial Accounting

Topic

Consignment

"Nothing is more important than Education"

Problem 2

Ram of Agra sent to Suresh of Gwalior 200 units @ ₹ 20 per unit at invoice price. Suresh sold 50 units @ ₹ 20 per unit and 120 units @ ₹ 25 per unit. The rate of general commission is 10% on sales and over-riding commission is 4%. Calculate general commission and over-riding commission.

Solution

(A) Sale Proceeds of 50 units = 50 × 20 =	₹ 1,000
Add : (B) Sale Proceeds of 120 units = 120 × ₹ 25 = ₹ 3,000	
Total Sales (A + B)	4,000

$$\text{General Commission} = \frac{\text{Total Sales} \times \text{Rate}}{100}$$

$$= 4,000 \times 10/100 = ₹\ 400$$

$$\text{Over-riding Commission} = \frac{(\text{Invoice Price} - \text{Cost Price}) \times \text{Rate}}{100}$$

$$= ₹\ 3,000 - (120 \times 20) \times \frac{4}{100}$$

$$= ₹\ 3,000 - 2,400 \times \frac{4}{100}$$

$$= ₹\ 600 \times \frac{4}{100} = 24$$

Total commission ₹ 400 + 24 = ₹ 424

(B) Valuation of Unsold Stock
Problem 3

A consignor consigned 200 kgs. of oil ₹ 47.50 per kg. to his agent and paid ₹ 1,900 for freight etc. Agent took the delivery and paid ₹ 950 for octroi etc. "

consignee informed to sale 160 kgs. of oil and remaining stock 40 kgs. Calcul...
the value of consignment stock.

Solution

$$\begin{array}{llr}
\text{Cost of 200 kgs. of Oil} = 200 \times ₹ 47.50 & = & 9,500 \\
\text{Add : Consignor's Exps. ; Freight etc.} & = & 1,900 \\
\text{Add : Consignee's Exps. Octroi etc.} & = & \underline{950} \\
\qquad\qquad \text{Total Cost of (160 + 40 kgs.)} & & \underline{12,350} \\
\end{array}$$

Closing Stock = 40 kgs.

$$\text{Therefore, Value of Unsold Stock} = \frac{12,350 \times 40}{100}$$

$$= ₹ 2,600$$

Long Answer Type Questions

(A) Consignment of Goods at Cost Price

Problem 1