

Systematic Studies For Professionals
(Where your quest for quality education ends)

Time 1.5 Hours

Consignment Accounts

Max. Marks: 50

- Q.1** Mr. Y consigned 800 packets of toothpaste to Z. Cost price of each packet was ₹ 900. Mr. Y spent ₹ 15,000 as cartage, freight, insurance and forwarding charges. Z paid 40% amount by cheque. Five packets were lost on the way and Mr. Y lodged claim with the insurance company and could get 80% as claim on average basis. Consignee took delivery of the rest of the packets and spent ₹ 39,950 as other non-recurring expenses and ₹ 22,500 as recurring expenses. He sold 740 packets at a profit of 25% of Sale, half of which is credit sale. He was entitled to 2% commission on sales plus 1% del-credere commission. Sale proceeds of 20 packets could not be realized. **You are required to** prepare Consignment Account. Calculate the cost of stock at the end, abnormal loss and profit or loss on consignment. [10]
- Q.2** P Consigned 1,00,000 lb. of oil costing ₹ 2 per lb at an invoice price of ₹ 3. He spent Re. 0.25 per lb. as freight and insurance, ₹ 5,480 on cartage for sending it to his agent T at Madras. On the way 500 lb. of oil was spoilt due to leakage which was very normal and common with such a consignment. T sold 90,000 lb. at ₹ 4 per lb. He spent ₹ 12,500 on advertisement and other recurring expenses. T is entitled to a commission of 5% on total sales and 30% of surplus realised over I.P. ₹ 25,000 could not be realised from credit customers. 5,000 lbs were destroyed in the godown and nothing is realised from the insurer. **Calculate** stock at the end and prepare Consignment a/c & T's A/c. Pass Journal entries in the books of T. [12]
- Q.3** A Company sends 2,000 bales of cotton to its consignee at a profit of 20% on I.P. The cost price of each bale to the company is ₹ 1,500. The following are the expenses incurred in connection with the consignment.
(i) ₹ 1,20,000 paid by the consignor for despatching of the goods.
(ii) ₹ 1,50,000 paid by way of octroi duty and landing charges by the consignee.
(iii) ₹ 2,00,000 paid by the consignee by way of godown rent and salaries of salesmen.
The consignee was entitled to a commission of 8% on invoice price and 25% of the amount realised above the invoice price.
The consignee informed the consignor that 1,400 bales were sold for ₹ 29,00,000. 1/3rd remaining stock destroyed in the godown and insurance co. admitted 70% claim only. Consignee also remitted bank draft for the amount due. **You are required** to prepare consignment account and consignee's account in the books of consignor and consignor's account in the books of consignee. [15]
- Q.4** AK Ltd., manufacturers of oil engines at Kolhapur consigned oil engines regularly to M/s. S. Brothers of Kanpur. The consignees were paid all expenses incurred by them on the consignment and a commission of 5 % on sales effected by them along with 20% of surplus realised above invoice price.
From the following particulars prepare the consignment account and account of M/s. S. Brothers in the books of AK Ltd., for the year 2014:
Stock of oil engines with consignees on 1st January, 2014, 350 engines costing ₹ 4,000 each (invoice value ₹ 5,000). 900 oil engines were consigned during the year costing ₹ 4,400 each (invoice value ₹ 5,500).
Expenses incurred by M/s. S. Brothers on goods consigned to them:
Freight in transit ₹ 30,500
Godown rent 35,000
Insurance premium 15,500
50 engines were lost in transit and no claim is receivable.
Oil engines sold by S. Brothers --- 1,100 engines @ ₹ 5,600 each.
Amount remitted by S. Brothers --- ₹ 38,50,000.
The stocks with the consignees on 31st December, 2014 is to be valued on First in, First out basis. **Prepare** consignment account and consignee's a/c. [13]