**2022 Confucian Private Secondary Paper 2 Question 4**

Summer Ltd consigned, as a sales trial, 100 cases of goods, costing RM 160 per case, from their warehouse in Penang, to their agents KK Trading in Kuantan, on 1 July 2021. The consignor paid insurance of RM 140 and freight of RM 260 on 5 July 2021.

On receiving the goods, KK trading found that the contents of 8 cases were completely broken; KK Trading advised Summer Ltd of this loss on 8 July 2021. A claim of RM 900 was made on Manulife Insurance on the same date.

The agreement between Summer Ltd and his agent provided for a commission on sales of 10% plus 2.5% del credere commission.

On 31 December 2021, the date of the financial year end of both Summer Ltd and KK Trading where KK Trading sent an Account Sales setting out the following items:

**Account Sales**

**Consignment of goods sold on behalf of Summer Ltd**

|  |  |  |
| --- | --- | --- |
|  | **RM** | **RM** |
| Sales on credit (80 cases x RM 240 per case) |  | 19,200 |
| Less: Expenses Incurred |  |  |
| Storage Expenses (in respect of 92 cases) | 275 |  |
| Packaging (in respect of 92 cases) | 185 |  |
| Selling Expenses (in respect of 80 cases) | 240 |  |
| 10% Selling Commission (10% x RM 19,200) | 1,920 |  |
| 2.5% Del Credere Commission (2.5% x RM 19,200) | 480 | 3,100 |
|  |  | 16,100 |

On 31 December 2021, in part settlement of the amount due, KK Trading accepted a Bill of Exchange for RM 9,000 drawn on them by Summer Ltd and the balance due was paid by cheque. On the same date, the bill was discounted by consignor at a charge of RM 190. The discounting charge was to be set off against the profit on consignment.

KK Trading received RM 15,600 from the consignment accounts receivable on 31 December 2021, and wrote off one bad debt of RM 3,600 as irrecoverable.

Prepare the following accounts on 31 December 2021:

1. In the Ledger of Summer Limited (Consignor)
   1. Consignment;
   2. Consignee – KK Trading; and
   3. Bill Receivable

1. In the Ledger of KK Trading (Consignee)
   1. Consignor – Summer Ltd;
   2. Commission Received; and
   3. Consignment Accounts Receivable.
2. Define the term “Del Credere Commission”.