

## Principles of Accounting - ICOM Part 2 Principles of Accounting Chapter 3 Short Questions Preparation

Q1. What is difference between "Del-credere commission" and "Overriding commission"?

**Ans 1:** Del-credere commission: Del-credere commission is an extra commission ,which is paid to consignee if loss on account of bad debts is borne by him.

**Ans 2:** Overriding commission: Overriding commission is normally granted by consignor ,when he desire his agent to work hard to push a new line of product in market.

Q2. What is "Outward Consignment"?

**Ans 1:** When goods are dispatched by the consignor to the consignee for the purpose of sale on commission ,it will be consignment outwards from consignor view point  
Example Asad (Consignor) send goods to Mr.Qasim for sale purpose (Outwards consignment for Asad).

Q3. What is overriding commission?

**Ans 1:** Overriding commission is normally granted by consignor ,when he desired his agent to work hard to push a new line of products in the market.  
Example: Consigner give extra commission to consignee to produce a new product in the market.

Q4. How many parties are involved in consignment?Write their names.

**Ans 1:** There are two parties involved in consignment:  
1.Consignor  
2.Consignee

Q5. What is meant by consignor?

**Ans 1:** The manufacturer or wholesaler who sends his goods for sale purpose to his agent is known as consignor.  
Example : Asad send goods to Alex for sale purpose.

Q6. What is meant by Account sales?

**Ans 1:** Account sales is a report prepared by consignee and sent to the consignor,periodically.It show details about the sales of goods :expenses pay by the consignee on behalf of the consignor and agent commission.

Q7. What is consignment?

**Ans 1:** Consignment is an act of sending the goods by the owner to his agent. The agent is agreed to collect and sell them on the risks and behalf of the owner on commission basis.

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Q8. Define Del-credere commission.

**Ans 1:** Del-credere commission is the extra commission, which is paid to the consignee, if loss account of Bad debts is borne by him.

Example : Consignee took delcredere commission by consignor as ad debts borne by him.

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Q9. What is difference between "Account sales" and "Sales Account"?

**Ans 1:** Account Sales: Account sales is a report by consignee which shows the detail about the sales of goods, the sale price of goods.

**Ans 2:** Sales Account: Sales account show the cash and credit sales of goods, It is prepared by seller of goods.

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Q10. What is normal loss?

**Ans 1:** Normal loss is any kind of loss which is occurred due to natural cause, such as normal leakage, loss in weight etc, Such loss inflated the values of closing stock.

Example: Goods are sent back by buyer due to leakage.

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