

Commission

Some people are paid by commission. This means that part of their pay depends on how much work they do, or on how successful their work is. Commonly sales people are paid a certain amount of money each month plus commission on any sales they make. The commission is usually a certain percentage of the total sales.

Example

Amy sells double glazing. She has a monthly salary of £200 and earns a 4% commission on all sales over £10000. One month she sells £50000 worth of double glazing. What is her gross pay?

Solution

Since we are asked for her gross pay, we don't need to calculate any deductions.

She sells £50000 worth of double glazing, which is £40000 over £10000. So her commission is 4% of £40000 = £1600

Her basic salary is £200, so her total gross pay for this month is:-
 $£200 + £1600 = £1800$.

Sometimes you need to work out the rate of commission from some given information:-

Example

Bill sells computer systems and gets commission on all his sales. In one month he sold £25000 of computer systems and earned £500 of commission. What is his rate of commission?

Solution

We need to work out £500 as a percentage of £25000. It is

$$\frac{£500}{£25000} \times 100\% = 2\%$$

D. Commission *Exercise 4*

1. Tony is a car salesman. He gets paid £50 for every £1000 worth of cars he sells. Find his commission on an £8000 car.
2. Abu, a student, earns extra money by addressing envelopes for a mail order company in the evenings. For every complete 1000 envelopes he addresses he gets £20. How much does he earn in an evening when he addresses 4689 envelopes?
3. Sophia is a fashion designer. She receives a basic wage of £2000 per annum plus 4·5% commission on all her sales. One year her total sales came to £105 000. How much did she earn in total that year?
4. George sells fitted kitchens. He earns a basic monthly wage of £700 and gets 8½% commission on all monthly sales over £25 000. Calculate his wage for a month when his kitchen sales are £32 000.
5. Arfur works for Slab-It-All and his wife, Debra is a sales lady for Geam-Clean. Both earn a basic monthly wage, plus commission. In June, they both had sales of £4 000. Who earned more from their pay and commission, and by how much?

<i>Geam-Clean</i>

Pay £640 per month + 4% of Sales

<i>Slab-It-All</i>

Pay £580 per month + 5% of Sales

6. Mr Dally sells high-powered motor bikes. He is paid £140 per week basic, plus 4% of his sales. In a fortnight he sells four bikes for £3800, £4700, £2100 and £8500.
(a) How much commission did he earn?
(b) Would he have been better off if he had been paid £510 per week for the fortnight, with no commission?
7. Sally sells double glazing and is paid commission on all sales. One week she sold £21 320 worth of double glazing and earned £426·40. What is her rate of commission?