

V. M. C. C.
(The Pioneer Institute for C. B. S. E. Classes)

ACCOUNTANCY

CLASS – 11th

By: Mehul Mittal

Assignment – 15.1

Bills Of Exchange

General Instructions: Use of calculator strictly prohibited.

Q-1. Calculate the due dates of the bills in the following cases :—

<i>Date of the Bill</i>	<i>Period</i>
(1) 1st January, 2014	2 months
(2) 28th January, 2014	1 month
(3) 30th January, 2014	1 month
(4) 30th April, 2014	2 months
(5) 30th April, 2014	3 months
(6) 30th April, 2014	30 days
(7) 1st December, 2013	60 days
(8) 28th December, 2015	2 months

Q-2. Calculate the due dates of the bills in the following cases :—

<i>Date of the Bill</i>	<i>Period</i>
(1) 23rd November, 2013	2 months
(2) 27th November, 2011	3 months
(3) 29th May, 2013	4 months
(4) 23rd May, 2013	60 days
(5) 13th July, 2013	30 days
(6) 31st May, 2013	1 Month

Emergency Holiday: 25th July, 2013.

Q-3. On 1 January, 2014, X sold goods to Y for ₹ 5,000. On the same date X draws a bill on Y for ₹ 5,000 due after three months. Y accepted the bill and returned it to X. X retained the bill till the due date and Y meets the bill on due date. Pass Journal Entries and prepare necessary Ledger Accounts in the books of both the parties.

Q-4. On January 1, 2014, Shankar purchased goods from Parvati for ₹ 8,000 and immediately drew a promissory note in favour of Parvati payable after 3 months. On the date of maturity of the promissory note, the Government of India declared holiday under the Negotiable Instrument Act 1881. Since, Parvati was unaware about the provision of the law regarding the date of maturity of the bill, she handed over the bill to her lawyer, who duly presented the bill and received the payment. The amount of the bill was handed over by the lawyer to Parvati immediately. "Record the necessary Journal entries in the books of Parvati and Shankar.

Q-5. On Jan. 1, 2014 Arun sold goods for ₹ 30,000 to Sunil. 50% of the payment was made immediately by Sunil on which Arun allowed a cash discount of 2%. For the balance Sunil drew a promissory note in favour of Arun payable after 20 days. Since, the date of maturity of bill was a public holiday, Arun presented the bill on a day, as per the provisions of Negotiable Instrument Act which was met by Sunil. State the date on which the bill was presented by Arun for payment and journalise the above transactions in the books of Arun and Sunil.

Q-6. X sold goods to Y for ₹ 10,000 on 15th March, 2014. On the same day, Y accepted a bill drawn upon him by X at four months for ₹ 10,000. X discounted the bill on 15th April, 2014 at 18% p.a. at his bank and Y met the bill on maturity. Make Journal entries in the books of both the parties.

Q-7. Y owed ₹ 2,600 to X. On 5th March, 2014, he accepted a bill for ₹ 2,500 for one month drawn by X in full settlement of his debt. X allowed ₹ 100 as discount. X endorsed the bill to his creditor Z immediately. The bill was duly met on the due date. Pass Journal entries in the books of all the three parties.

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- Q-8.** On 1st October, 2013, X sells goods to Y for ₹ 8,000. On that date, Y accepted a bill drawn upon him by X at 2 months for ₹ 8,000. X retains the bill till due date and on due date sends the bill to the banker for collection. In due course, X receives the information from the Bank that the bill has been duly met. Pass Journal Entries in the books of X and Y.
- Q-9.** On 1st February 2014, A sold goods for ₹ 60,000 to B and drew upon him three bills of exchange: First for ₹ 10,000 payable after 30 days, Second for ₹ 20,000 payable after 60 days and third for ₹ 30,000 payable after 90 days. B accepted all the three bills. The first bill was retained by A till its maturity. The second bill was endorsed by A to his creditor C and the third bill was discounted by him immediately for ₹ 29,200. All the bills were met by B on due dates. Pass journal entries in the books of A and B.
- Q-10.** A bill for ₹ 10,000 is drawn by A on B which is duly accepted by the latter. The bill is duly met by B on its due date. Show what entries would be passed in the books of A and B under each of the following circumstances :
- If A retains the bill till the due date.
 - If he discounts it with his bankers for ₹ 9,750.
 - If he endorses it to his creditor C, in full settlement of his debt of ₹ 10,200.
 - If he sends it to his bankers for collection.
- Q-11.** Yuvraj allows a trade discount of 10% on the list price of the goods purchased from him. Durga made the following purchases from Yuvraj :
- | Date | Amount (₹) |
|---------------|------------|
| Dec. 21, 2015 | 10,000 |
| Dec. 26, 2015 | 12,000 |
| Dec. 28, 2015 | 20,000 |
| Dec. 31, 2015 | 50,000 |
- For all the purchases Durga drew promissory notes in favour of Yuvraj payable after 30 days. The promissory note for the sale of Dec 21, 2015 was retained by Yuvraj with him till the date of its maturity. The promissory note drawn on 26.12.2015 was discounted by Yuvraj from his bank at 12% p.a. The promissory note drawn on Dec. 28, 2015 was endorsed by Yuvraj in favour of his creditor Gopal in full settlement of a purchase amounting to ₹ 19,000. On 25.1.2014 Yuvraj sent the promissory note drawn on Dec. 31, 2015 to his bank for collection. All the promissory notes were met by Durga. Record the necessary journal entries for the above transactions in the books of Yuvraj and Durga and prepare Durga's account in the books of Yuvraj and Yuvraj's account in the books of Durga.
- Q-12.** On 1st July, 2013, Chander sold goods to Dinesh of the list price of ₹ 5,000 at 20% trade discount and on the same day drew a bill on Dinesh for the amount due payable after three months. Dinesh accepted the bill. On 4th September 2013, Dinesh retires his acceptance, receiving a rebate of 15% p.a. Pass entries in the books of both the parties.
- Q-13.** On 1st January, 2014, X sold goods to Y for ₹ 15,000, and immediately received from Y ₹ 5,000 in cash and on the same date drew a bill on Y at three months for the balance. The bill is duly accepted by Y. Bill was dishonoured on the due date and A paid ₹ 25 as noting charges. Ten days later Y pays the amount due to X. Pass journal entries in the books of both the parties.
- Q-14.** On 1st April, 2013, Y accepts a bill drawn by X for two months for ₹ 5,000, in payment of debt. On the due date the bill is dishonoured and X had to pay ₹ 50 as noting charges. On 4th June 2013, F requested X to draw a new bill for the amount due. X agreed to draw a new bill for 73 days but he charged 18% p.a. interest in cash. This bill is duly met on its maturity. Pass Journal entries in the books of both the parties.
- Q-15.** On 1st August, 2013, A sold goods of the value of ₹ 20,000 to B and drew upon him a bill at two months for the amount. B accepted the draft. On the due date, B expressed his inability to meet the bill and offered to pay ₹ 8,000 in cash and accepted a new bill for the balance plus interest at 15% p.a. for three months. A agreed to this proposal. On maturity this bill was duly met by B. Pass entries in the books of A and B.

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- Q-16.** A sells goods for ₹ 1,000 to B on 1st January, 1981 and on the same day draws a bill on B at three months for the amount. B accepts it and returns it to A, who discounts it on 4th January, 1981 with his bank at 6% per annum. The acceptance is dishonoured on the due date and the noting charges were paid by bank being ₹ 15.
On 4th April, 1981, A accepts a new bill at three months for the amount then due to A together with interest at 12% per annum.
Make Journal entries to record these transactions in the books of A and B.
- Q-17.** Nikhil sold goods for ₹ 23,000 to Akhil on Dec. 1, 2015. He drew upon Akhil a bill of exchange for the same amount payable after 2 months. Akhil accepted the bill and sent it back to Nikhil. Nikhil discounted the bill immediately with his bank @ 12 p.a. On the due date Akhil dishonoured the bill of exchange and the bank paid ₹ 100 as noting charges. Akhil requested Nikhil to draw a new bill upon him with interest @ 10% p.a. which he agreed. The new bill was payable after two months. A week before the maturity of the second bill Akhil requested Nikhil to cancel the second bill. He further requested to accept ₹ 10,000 in cash immediately and drew a third bill upon him including interest of ₹ 500. Nikhil agreed to Akhil's request. The third bill was payable after one month. Akhil met the third bill on its maturity. Record the necessary journal entries in the books of Nikhil and Akhil and also prepare Akhil's account in the books of Nikhil and Nikhil's account in the books of Akhil.
- Q-18.** Journalise the following transaction in the books of X:
T's acceptance of ₹ 5,000 which had been discounted with the bank for ₹ 4,800 has been returned by the bank unpaid. Bank has notified that ₹ 20 has been paid as noting charges.
- Q-19.** A Bill receivable for ₹ 20,000, which had been discounted for ₹ 19,500, is dishonoured and the bank paid ₹ 30 as noting charges.
Give journal entries to record the above in the books of (A) the drawer and (B) drawee.
- Q-20.** Y purchased goods for ₹ 6,000 on 1st June 2013 from X and on the same date accepted a bill payable after three months. 3 days later, X endorsed the Bill to Z. On maturity, the bill was dishonoured for non-payment and Z had to pay ₹ 50 as noting charges.
Three days after the dishonour of the bill X made full payment to Z. 15 days after the dishonour of the bill, Y paid ₹ 2,000 to X and requested him to draw a second bill for the balance plus ₹ 90 for the amount of interest, payable after two months. X accepted the proposal and drew the bill on Y, which was accepted by Y and was duly met on maturity.
Record the above transactions in the books of all the three parties.
- Q-21.** On Feb. 2, 2014, Verma purchased from Sharma goods for ₹ 17,500. Verma paid ₹ 2,500 immediately and for the balance gave a promissory note to Sharma payable after 60 days. Sharma immediately endorsed the promissory note in favour of his creditor Gupta for the full settlement of a debt of ₹ 15,400. On the due date of the bill Gupta presented the bill to Verma which the latter dishonoured and Gupta paid ₹ 50 as noting charges. On the same date Gupta informed Sharma about the dishonour of the bill. Sharma settled his debt to Gupta by cheque for ₹ 15,500 which includes noting charges and interest. Verma settled Sharma's claim by cheque for the same amount. Record the necessary journal entries in the books of Sharma, Gupta and Verma for the above transactions and prepare Verma's and Gupta's accounts in the books of Sharma, Sharma's account in the books of Verma and also Sharma's account in the books of Gupta.
- Q-22.** On Jan. 1, 2014 Vibha sold goods worth ₹ 18,000 to Sudha and drew upon the latter a bill of exchange for the same amount payable after two months. Sudha accepted Vibha's draft and returned the same to Vibha after acceptance. Vibha endorsed the bill immediately in favour of her creditor Geeta. Five days before the maturity of the bill Sudha requested Vibha to cancel the bill since she was short of funds. She further requested to draw a new bill upon her including interest of ₹ 200. Vibha accepted Sudha's request. Vibha took the bill from Geeta by making the payment to her in cash and cancelled the same.
Then she drew a new bill upon Sudha as agreed. The new bill was payable after one month. The new bill was duly met by Sudha on maturity. Record the necessary journal entries in the books of Vibha.
- Q-23.** Kapil purchased goods for ₹ 21,000 from Gaurav on 1.2.2014 and accepted a bill of exchange drawn by Gaurav for the same amount. The bill was payable after one month. On 25.2.2014 Gaurav sent the bill to his bank for collection. The bill was duly presented by the bank. Kapil dishonoured the bill and the bank paid ₹ 100 as noting charges.

Record the necessary journal entries for the above transactions in the books of Kapil and Gaurav.

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- Q-24.** Narayanan purchased goods for ₹ 25,000 from Ravinderan on Feb. 1, 2014. Ravinderan drew upon Narayanan a bill of exchange for the same amount payable after 30 days. On the due date Narayanan dishonoured his acceptance.
Pass the necessary journal entries in the books of Ravinderan and Narayanan in following cases:
- When the bill was retained by Ravinderan with him till the date of its maturity.
 - When the bill was discounted by Ravinderan immediately with his bank @ 6% p.a.
 - When the bill was endorsed to his creditor Ganeshan.
 - When the bill was sent by Ravinderan to his bank for collection a few days before its maturity.
- Q-25.** Amar drew a bill for ₹ 5,000 on Bihari, which the latter accepted. If the bill is dishonoured on due date, pass entries in the books of both parties under each of the following cases :
- If Amar retains the bill with him till due date and paid noting charges ₹ 40.
 - If Amar discounts the bill with his bankers for ₹ 4,900 and Bank paid noting charges ₹ 40.
 - If Amar endorses the bill to his creditor Chander and Chander paid noting charges ₹ 40.
 - If Amar sent it to his banker for collection.
- Q-26.** A sold goods to B for ₹ 8,000 and drew a bill on B for three months who duly accepted the same. A endorsed the bill to C. C endorsed it to his creditor D. D discounted the bill at 15% per annum. On the date of maturity, the bill was dishonoured and bank paid noting charges amounting ₹ 50.
Show the necessary Journal entries in the books of all the parties.
- Q-27.** On 1st July, 1984, A draws on B, who owed him ₹ 2,500, two bills, one for ₹ 1,500 for three months and another for ₹ 1,000 for two months. B accepts these bills.
A endorses on 3rd July the first bill to his creditor C in full settlement of his account of ₹ 1,550 and discounts the second bill on 4th July with his banker @ 12% p.a. The first bill is duly paid at maturity but the second bill is dishonoured and ₹ 15 are paid as noting charges. On 5th September, A draws and B accepts a third bill for three months for ₹ 1,045 in lieu of the dishonoured bill. This bill is duly paid at maturity. Give Journal Entries to record these transactions in the books of A and B.
- Q-28.** On 1st January, 2013, Ram drew on Mohan, who is his debtor for ₹ 15,000 three bills of exchange: First for ₹ 4,000 at one month, Second for ₹ 5,000 at two months and third for ₹ 6,000 at three months. Mohan accepted all the three bills.
On 10th January, 2013, Ram endorsed the first bill to his creditor Sohan in full settlement of his account of ₹ 4,120. This bill was duly met on maturity.
On 20th January, 2013, the second bill was discounted from the bank for ₹ 4,850. This bill was dishonoured on the due date and bank paid ₹ 40 as noting charges. On Mohan's request Ram drew a fourth bill on Mohan for 2 months for the amount due plus ₹ 200 as interest.
Third bill was paid under a rebate of 15% p.a. one month before maturity. The fourth bill was sent to bank for collection on 4th May, 2013 and was duly met on maturity.
Pass Journal entries in the books of Ram, Mohan and Sohan.
- Q-29.** On Jan. 15, 2014 Raghu sold goods worth ₹ 35,000 to Devendra and drew upon the latter three bills of exchanges. The first bill was for ₹ 5,000 payable after one month, the second bill was for ₹ 20,000 payable after three months and third bill for balance amount for 4 months. Raghu endorsed the first bill in favour of his creditor Dewan in full settlement of a debt of ₹ 5,200. The second bill was discounted by Raghu @ 6% p.a. and the third bill was retained by Raghu till the date of maturity. Devendra dishonoured the second bill on maturity and the bank paid ₹ 30 as noting charges. Four days before the maturity of the third bill Raghu sent the same for collection to his bank. The third bill was also dishonoured by Devendra and the bank paid ₹ 200 as noting charges. Five days after the dishonour of the bill Devendra paid the entire amount due to Raghu along with interest ₹ 1,000. For this purpose Devendra obtained a short term loan from his bank.
You are requested to record the necessary journal entries in the books of Raghu, Devendra and Dewan and prepare Devendra's account in Raghu's books and Raghu's account in Devendra's books.

ACCOMODATION BILL

- Q-30.** A, who is in need of funds, persuades B to help him by accepting an Accommodation Bill for ₹ 20,000 for three months. B accepted the bill on March 15, 2015. On the same day A got the bill discounted with his bankers @ 12% p.a. On due date, A remitted the amount of the bill to B who honoured the bill.
Give Journal entries in the books of A and B.

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- Q-31.** For the mutual accommodation of *X and Y*, *X* accepts a bill, drawn on him by *Y*, for three months for ₹ 15,000 on 1st January. *Y* discounts the bill immediately for ₹ 13,500 and remits one-third of the proceeds to *X*. Before the bill becomes due, *Y* remits the balance due to *X*, in order to enable the latter to meet the bill. *X* meets the bill on the due date.
Pass the necessary entries and show the Ledger Accounts in the books of *X* and *Y*.
- Q-32.** On 15th March 2014, Muskan received a bill from Niharika for ₹ 4,00,000 for 2 months for mutual accommodation. Muskan discounted the bill immediately from UTI Bank @ 9% p.a. and remitted ₹ 1,37,900 to Niharika. On due date, Muskan remits the amount due to Niharika who meets the bill. Journalise the transactions in the books of Muskan.
- Q-33.** On 1st January, 2014, *A* and *B* draw on each other at three months for ₹ 40,000 for their mutual convenience. On 4th January, they discounted with their banks each other's bill at 15% per annum and on the due date each meets his own acceptance. How should these transactions be recorded in the Journal of *A* and *B*?
- Q-34.** *X* and *Y* were both in need of temporary accommodation. On Feb. 1, 2014 *X* accepted *T*'s draft for ₹ 50,000 for 2 months and *Y* accepted *X*'s draft for ₹ 40,000 for 2 months. Both the bills were discounted at their respected banks for ₹ 49,250 and ₹ 39,400. Before maturity of the bill *Y* sent ₹ 10,000 to *X* for difference in accommodation bills. *X* and *Y* met their acceptances on the due date. Pass journal entries in the books of *X* and *Y*.
- Q-35.** On 10th January 2014, *A* accepted a bill drawn by *B* for ₹ 2,00,000 for 3 months for mutual accommodation of both of them. *B* discounted the bill at 8% p.a. and remitted ₹ 78,400 to *A*. On the same date and for the similar purpose *B* accepted *A*'s bill for ₹ 1,40,000 for 3 months. *A* discounted it at 8% p.a. and remitted ₹ 82,320 to *B*. On the due date *B* remits the required amount to *A* and both the bills are honoured.
Show journal entries and personal accounts in the books of both the parties.
- Q-36.** Mohan and Sohan wrote on 1st June, 2015 bills of one month for ₹ 10,000 on each other, which were discounted through banks at the rate of 18% interest per year. The payment of the bills together with the discounting charges was agreed upon on the due dates. Mohan paid the bill accepted by him on due date but the Sohan's bill was dishonoured. Mohan had to pay even for his dishonoured bill together with ₹ 100 as expenses. Mohan wrote a Bill for 3 months for the amount due on Sohan with interest at the rate of 12% annually on the due amount. The bill was paid by Sohan on the due date.
On the basis of above, pass necessary entries in the Journal of Mohan and Sohan and prepare Sohan's account in the books of Mohan.
- Q-37.** On Nov.1, 2015 Sonia drew a bill on Sunny for ₹ 15,000 for 3 months for mutual accommodation. Sunny accepts the bill and returns it to Sonia. Sonia discounted the same with her bankers @ 6% p.a. The proceeds are shared between Sonia and Sunny in proportion of 2/3rd and 1/3rd respectively. On the due date Sonia remits his proportion to Sunny who fails to meet the bill and as a result Sonia had to meet it. Sunny gave a fresh acceptance for 2 months for the amount due to Sonia plus interest of ₹ 100. Sunny met his second acceptance on due date. Record the necessary journal entries in the books of Sonia and Sunny.

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