



INDIAN SCHOOL AL WADI AL KABIR

Class: XI	Department: Commerce
	Topic: BILLS OF EXCHANGE

1.

Calculate the due dates of the bills in the following cases:

<i>Date of the Bills</i>	<i>Period</i>
I. 1st February, 2017	2 months
II. 31st January, 2017	3 months
III. 30th September, 2017	2 months
IV. 30th September, 2017	3 months
V. 29th December, 2017	2 months
VI. 31st December, 2017	2 months
VII. 15th July, 2017	30 days
VIII. 27th January, 2016	1 month

S. No.	Date of Bill Drawn (1)	Period (2)	Grace Days (3)	Due Date (1 + 2 + 3)
I.	February 01, 2017	2 months	3 days	April 04, 2017
II.	January 31, 2017	3 months	3 days	May 03, 2017
III.	September 30, 2017	2 months	3 days	December 03, 2017
IV.	September 30, 2017	3 months	3 days	January 02, 2018
V.	December 29, 2017	2 months	3 days	March 03, 2018
VI.	December 31, 2017	2 months	3 days	March 03, 2018
VII.	July 15, 2017	30 days	3 days	August 17, 2017
VIII.	January 27, 2016	1 month	3 days	March 01, 2016

2.

On Jan. 15, 2017, Kusum sold goods for ₹ 30,000 to Pushpa and drew upon her three bills of exchanges of ₹ 10,000 each payable after one month, two months and three months respectively. The first bill was retained by Kusum till its maturity. The second bill was endorsed by her in favour of her creditor Khushboo and the third bill was discounted by her immediately @ 6% p.a. All the bills were met by Pushpa. Journalise the above transactions in the books of Kusum and Pushpa.

**Books of Kusum
Journal**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2017 Jan. 15	Pushpa To Sales A/c (Goods sold to Pushpa)	Dr.	30,000	30,000
Jan. 15	Bills Receivable A/c (1) Bills Receivable A/c (2) Bills Receivable A/c (3) To Pushpa (Pushpa accepted the bills)	Dr. Dr. Dr.	10,000 10,000 10,000	30,000
Jan. 15	Khushboo To Bills Receivable A/c (2) (Bill endorsed in favour of Khushboo)	Dr.	10,000	10,000

Jan. 15	Bank A/c Discounting Charges A/c To Bills Receivable A/c (3) (Bill discounted with the bank @ 6% p.a. for 3 months)	Dr. Dr.	9,850 150	10,000
Feb. 18	Cash A/c To Bills Receivable A/c (1) (Bill honoured on maturity)	Dr.	10,000	10,000

**Books of Pushpa
Journal**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2017				
Jan. 15	Purchases A/c To Kusum (Goods purchased from Kusum)	Dr.	30,000	30,000
Jan. 15	Kusum To Bills Payable A/c (1) To Bills Payable A/c (2) To Bills Payable A/c (3) (Bills drawn by Kusum, accepted)	Dr.	30,000	10,000 10,000 10,000
Feb. 18	Bills Payable A/c To Cash A/c (Bill (1) honoured on maturity)	Dr.	10,000	10,000
Mar. 18	Bills Payable A/c (2) To Cash A/c (Bill (2) honoured on maturity)	Dr.	10,000	10,000
Apr. 18	Bills Payable A/c (3) To Cash A/c (Bill (3) honoured on maturity)	Dr.	10,000	10,000

3.

X made the following sales to Y:

Date	Amount (₹)
Jan. 01, 2017	20,000
Jan. 08, 2017	25,000
Jan. 10, 2017	10,000
Jan. 15, 2017	40,000

For all the sales X drew bills on Y payable after 60 days. Bill drawn on Jan. 01, 2017 was retained by X with him till its due date. The bill drawn on Jan. 08, 2017 was discounted by X from the bank at 9% p.a. The bill drawn on Jan. 10, 2017 was endorsed by X to his creditor Z in full settlement of ₹ 10,400. On March 12, 2017 X sent the bill drawn on Jan. 15, 2017 to his bank for collection. All the bills were met by Y on due dates.

Pass necessary journal entries in the books of X and Y and prepare Y's account in the books of X and X's account in the books of Y.

**Books of X
Journal**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2017 Jan. 01	Y To Sales A/c (Goods sold to Y)	Dr.	20,000	20,000
Jan. 01	Bills Receivable A/c (1) To Y (Y accepted the bill)	Dr.	20,000	20,000
Jan. 08	Y To Sales A/c (Goods sold to Y)	Dr.	25,000	25,000
Jan. 08	Bills Receivable A/c (2) To Y (Y accepted the bill)	Dr.	25,000	25,000
Jan. 08	Bank A/c Discounting Charges A/c To Bills Receivable A/c (2) (Bill discounted with the bank @ 9% p.a. for 60 days)	Dr. Dr.	24,630 370	25,000
Jan. 10	Y To Sales A/c (Goods sold to Y)	Dr.	10,000	10,000
Jan. 10	Bills Receivable A/c (3) To Y (Y accepted the bill)	Dr.	10,000	10,000
Jan. 10	Z To Bills Receivable A/c (3) To Discount Received A/c (Bill endorsed in favour of Z)	Dr.	10,400	10,000 400

Jan. 15	Y To Sales A/c (Goods sold to Y)	Dr.	40,000	40,000
Jan. 15	Bills Receivable A/c (4) To Y (Y accepted the bill)	Dr.	40,000	40,000
Mar. 05	Cash A/c To Bills Receivable A/c (1) (Bill honoured on maturity)	Dr.	20,000	20,000
Mar. 12	Bill Sent for Collection A/c To Bills Receivable A/c (4) (Bill sent to bank for collection)	Dr.	40,000	40,000
Mar. 19	Bank A/c To Bills for Collection A/c (Bill honoured on maturity)	Dr.	40,000	40,000

Y's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2017				2017			
Jan. 01	Sales A/c		20,000	Jan. 01	Bills Receivable A/c (1)		20,000
Jan. 08	Sales A/c		25,000	Jan. 08	Bills Receivable A/c (2)		25,000
Jan. 10	Sales A/c		10,000	Jan. 10	Bills Receivable A/c (3)		10,000
Jan. 15	Sales A/c		40,000	Jan. 15	Bills Receivable A/c (4)		40,000
			95,000				95,000

**Books of Y
Journal**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2017				
Jan. 01	Purchases A/c To X (Goods purchased from X)	Dr.	20,000	20,000
Jan. 01	X To Bills Payable A/c (1) (Bill drawn by X, accepted)	Dr.	20,000	20,000
Jan. 08	Purchases A/c To X (Goods purchased from X)	Dr.	25,000	25,000

Jan. 08	X To Bills Payable A/c (2) (Bill drawn by X, accepted)	Dr.	20,000	20,000
Jan. 10	Purchases A/c To X (Goods purchased from X)	Dr.	10,000	10,000
Jan.10	X To Bills Payable A/c (3) (Bill drawn by X, accepted)	Dr.	10,000	10,000
Jan. 15	Purchases A/c To X (Goods purchased from X)	Dr.	40,000	40,000
Jan. 15	X To Bills Payable A/c (4) (Bill drawn by X, accepted)	Dr.	40,000	40,000

Mar. 05	Bills Payable A/c (1) To Cash A/c (Bill honoured on maturity)	Dr.	20,000	20,000
Mar. 12	Bills Payable A/c (2) To Cash A/c (Bill honoured on maturity)	Dr.	25,000	25,000
Mar.14	Bills Payable A/c (3) To Cash A/c (Bill honoured on maturity)	Dr.	10,000	10,000
Mar.19	Bills Payable A/c (4) To Cash A/c (Bill honoured on maturity)	Dr.	40,000	40,000

X's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount (Rs)	Date	Particulars	J.F.	Amount (Rs)
2017				2017			
Jan. 01	Bills Payable A/c (1)		20,000	Jan. 01	Purchases A/c		20,000
Jan. 08	Bills Payable A/c (2)		25,000	Jan. 08	Purchases A/c		25,000
Jan. 10	Bills Payable A/c (3)		10,000	Jan. 10	Purchases A/c		10,000
Jan. 15	Bills Payable A/c (4)		40,000	Jan. 15	Purchases A/c		40,000
			95,000				95,000

4.

On 17th April, 2016, X sold goods to Y for ₹ 80,000 and draws a bill for 2 months upon Y for the amount due. Y accepted the bill and returned it to X. On due date the bill became dishonoured and X paid ₹ 400 as Noting Charges. Fifteen days later Y pays the amount due to X. Pass Journal entries in the books of both the parties.

**Books of X
Journal**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2016 Apr. 17	Y To Sales A/c (Goods sold to Y)	Dr.	80,000	80,000
Apr. 17	Bills Receivable A/c To Y (Y accepted the bill)	Dr.	80,000	80,000
June 20	Y To Bills Receivable A/c To Cash A/c (Bill dishonoured on due date and noting charges received)	Dr.	80,400	80,000 400
July 05	Cash A/c To Y (Cash received from Y)	Dr.	80,400	80,400

**Books of Y
Journal**

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
2016 Apr. 17	Purchases A/c To X (Goods purchased from X)	Dr.	80,000	80,000
Apr. 17	X To Bills Payable A/c (Bill drawn by X, accepted)	Dr.	80,000	80,000

June 20	Bills Payable A/c	Dr.	80,000	
	Noting Charges A/c	Dr.	400	
	To X			80,400
	(Bills dishonoured on due date and notice charged paid)			
July 05	X	Dr.	80,400	
	To Cash A/c			80,400
	(Cash paid to X)			

5. Who draws a bill of exchange?

- (a) Creditor
- (b) Debtor
- (c) Holder
- (d) None of the above

Ans: c

6. What are the three additional days known as that a drawer gives to the drawee for payment

- (a) Conditional days
- (b) Additional days
- (c) Days of grace
- (d) Days of rebate

Ans: c

7. When the drawee signs the bill, it is considered as

- (a) Accepted
- (b) Retired
- (c) Renewed
- (d) Endorsed

Ans: a

8. What is the Bill receivable account?

- (a) Personal Account
- (b) Machinery Account
- (c) Real Account
- (d) Nominal Account

Ans: c

9. On dishonor of a discounted bill whom does the bank look for payment

- (a) Drawer
- (b) Drawee
- (c) Endorser
- (d) Payee

Ans: a

10. The act for signing by the drawer on the book of the instruments for the purpose of transfer

- (a) Acceptance of bill
- (b) Cheque
- (c) Endorsement
- (d) Bill

Ans: c

11. According to Negotiable Instrument Act, 1881, which of the following refers to “an instrument in writing (not being a bank note or a currency note) containing unconditional undertaking, signed by the maker to pay on demand or at a fixed or determinable future time a certain sum of money only to or to the order of a certain person, or to the bearer of the instrument”?

- (a) Promissory note
- (b) Bearer debentures
- (c) Cheque
- (d) Bill of exchange

Ans: d

12. If the due date is public holiday what will be the due date of the bill

- (a) Preceding day
- (b) Following day
- (c) The same day
- (d) After two days

Ans: a

13. Fee paid in cash to Notary Public is charged by

- (a) Holder of bill of exchange
- (b) Drawee
- (c) Drawer
- (d) None

Ans: a

14. Kamal draws a bill on Sahil for Rs.3000. Kamal endorsed it to Rohan. Rohan endorsed it to Rakesh. The payee of the bill will be

- (a) Kamal
- (b) Rakesh
- (c) Sahil
- (d) Rohan

Ans: b

15. Which bill is not allowed 3 days of grace

- (a) Bill at the time of due date
- (b) Bill at sight
- (c) Bill after due date
- (d) Bill before due date

Ans: b

16. The purpose of accommodation bill is :

- (a) To finance actual purchase
- (b) When both parties are in need of funds
- (c) To facilitate trade transmission
- (d) None Ans: b